FT No., 31,502

World News

in Senate

Bush choice

of GIA chief

faces trouble

tral Intelligence Agency, appears to be in trouble. Sen-ate confirmation hearings face

delay because of fresh material

pointing to an official cover-up

Jeddah crash kills 261

All 261 people on a chartered

Canadian DC-8 carrying Mos-lem pilgrims home to Nigeria from Mecca were killed when

the jet crashed in flames at Jeddah, Saudi Arabia, while

trying to make an emergency

Kuwait blasts injure 50 A series of munitions explo-

sions rocked the US Camp

Doha military complex near Kuwait City, injuring 44 Amer-ican and six British soldiers. Fires raged through ammuni-

tion dumps for at least three

A controversial plan to reduce Italy's budget deficit by reining

back on pensions passed its

first hurdle with approval by

the cabinet. Italian pensions

are among the world's most

A French appeal court ordered

Paul Touvier, 76, former Vichy

police chief expected to face trial for wartime crimes

against humanity, to be freed

on probation. He is suffering

US extradition bid fails

Canada's Supreme Court dis-

request for two Quebec men accused of hijacking a New

York-Miami flight to Cuba in

Israeli bankers on trial

Sixteen banking officials and

four banking groups blamed for a collapse in their share

prices, went on trial in Jerusa-

lem eight years after a crash that cost the Israeli govern-

Micelle near crash site

A UK salvage team found part

of a Nato sea-to-air missile in

the wreckage of a downed Ital-

ian DC-9 jet north of Sicily,

re-opening the long-running mystery of why the aircraft

Soviet wives protest

About 500 wives of Soviet ser-

vicemen staged a sit-in on the

rımway of an air base in east

ment \$7bn. Page 4

81 people. Page 2

to reopen its extradition

missed a request from the US

from cancer.

Vichy man gets ball

hours. Picture, Page 4

Italy to cut pensions

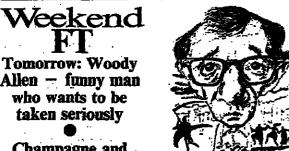
landing. Page 4

of the Iran-Contra scandal.

THE FRANCIAL TIMES LIMITED 1991

industries in mission as control of the second second in the second second in the second seco

Saving the sea turtle One of Germany's largest tour operators is to stop booking holidaymakers into beach hotels on the Greek island of Zakynthos to help protect nesting sites of endangered sea turtles.



Tomorrow: Woody Allen — funny man who wants to be taken seriously

Champagne and caviare - fuel of the Soviet system



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FINANCIALTIMES

EUROPE'S BUSINESS NEWSPAPER

KURDS

Waiting for the final withdrawal

Friday July 12 1991

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Business Summary

Time Warner backs down on \$3.6bn rights issue

The nomination of Robert Gates, President George Bush's choice as director of the Cen-Time Warner, US publishing and entertainment group, is looking at new ways of raising equity after a planned \$3.6bn rights issue came under fire from shareholders and the Securities and Exchange Commission. Page 19

JAPAN'S TRADE surplus with the European Community rose 48 per cent to \$2.35bn in June. Imports of EC-made cars were 27 per cent lower. Page 4

TOYOTA of Japan is to market car by Germany's Volkswagen through its Japanese dealer network. The deal covers VW and Audi cars. Page 6

AUDI, German car maker. raised interim pre-tax profits 46 per cent to about DM350m (\$194m) on turnover 18 per cent up at DM7.1bn. Page 19

VOLKSWAGEN of Germany joined the round of UK car price-cuts launched by Ford. VW is cutting prices on three models until the end of

DELTA AIR LINES is paying \$260m for the remaining European assets and Bast Coast shuttle operation of ailing fellow US airline Pan Am, which filed for bankruptcy protection in January. Page 19

GUINNESS, UK drinks group, is buying Glenmore Distilleries of Louisville, Kentucky, in a deal worth \$161m (£101m).

TNT, troubled Australian transport group, had its debt downgraded four notches to B plus by credit agency Austra lian Ratings. Page 21

HONG KONG is to implement a tough new law against insider trading on September 1. Those found guilty will be barred from company director-ship of management for up to five years. Page 21; Probe call fails in HK, Page 4

ADT. UK car auction group, saw its shares shed 21 per cent to 480p on anxiety about trading after Wednesday's statement by Laidlaw of Canada. ch owns 28.4 per cent of ADT. Page 19; Lex, Page 18

J.P.MORGAN, New York bank group, unveiled April-June profits of \$231m - 12 per cent up on the second quarter of 1990. Page 21

SIR RON BRIERLEY has sold about 25m shares in Brierley Investment, New Zealandbased investment and trading company he founded. The sale represents about a third of Sir Ron's holding. Page 21

LONRHO's legal battle to wrest control of House of Fraser from the Fayed brothers took another twist when the international trading group issued new writs against the stores group's owners alleging conspiracy to injure. Page 10

SOVIET OIL exports are set to fall by at least 25 per cent next year, a Soviet minister warned. Recent independent estimates put this year's level at some 2.4m barrels a day.

AMERICAN PRICES: Technical problems meant that it was not possible to update share prices in the US and Canada fully for this edition. Some European bourses were also affected.

G7 may back Brazil's \$1.5bn debt-for-nature swap

By Rachel Johnson and Stephen Fidler in London

LEADERS of the Group of unacceptable loss of economic launch the rainforest project in time for the Earth Summit in Seven biggest industrialised countries are expected to back a controversial \$1.5bn project for the conservation of Brazilian rainforests at the London economic summit next week. Approval from G7 would entail the largest debt-for-nature swap so far undertaken

- with the exception of current negotiations over Polish
debt - and would be the first
of the bind in Providence

of its kind in Brazil. Up until three weeks ago, Brazil refused to consider swaps on the grounds that

Debt-for-nature swaps involve the cancellation of a country's foreign debt in return for the provision by the debtor government of local cur-rency or other concessions for environmental purposes.
Such swaps have only been in existence for five years. The

Ecuadorean debt in 1989. The Brazilian swap would involve \$500m of bank or official debt over a period of five Summit leaders are keen to

Rio next June. Such a move would be seen as concrete evidence that the

world's biggest economies can co-operate with - rather than dictate to - developing countries on environmental issues. To that end, the G7 commissioned the project at its Hous-ton meeting last summer. It

has been carried out by the EC, the World Bank, and the Bra-All of these, together with the G7 and private-sector comdonate funds not covered by the swaps. Mr John Major, the UK

prime minister, yesterday high-lighted the importance of the London summit's environmental agenda and made a plea for all G7 leaders to attend the Rio summit next year. Though the project is a G7 initiative, it has not met with

ber nations.

Last night, at pre-summit meetings, the UK and the US were still questioning the quality of the project, which is

universal support from mem-

ment to be discussed at next week's meeting.
However, it is thought that
the project has gathered an unstoppable momentum in spite of last-minute quibbles

from some countries. The EC and Germany have been promoting the project. They consider the programme represents a significant shift in Brazilian environmental

Just a month before the summit, President Fernando Collor reversed his previous stance, declaring that swaps would

Furthermore, Mr Collor acked the head of the Brazilian Indian Bureau last month following criticism from Mr George Bush, the US president, that he had failed to demarcate the territory of the Yanomani

indians.

Behind the G7-scenes, these actions are being read as an attempt by the Brazilian government to win support for the project after criticism that Mr Collor failed to fulfil many of his pledges on the environ-

Background, Page 3

Pöhl's last Bundesbank meeting tightens monetary targets

Britain may cut rates today

THE Bundesbank yesterday made clear its concern over inflationary tendencies in Ger-many, but left interest rates alone, at the last meeting of its policy-making council to be headed by Mr Karl Otto Pöhl. The decision is likely to clear the way for a cut in UK base

lending rates today from 11.5 per cent to 11 per cent. The Bank of England yesterday gave a separate pointer to an imminent cut with its activity on the UK money market.

Mr Norman Lamont, UK

chancellor of the exchequer, has been under pressure for several weeks to approve a further cut in base rates. They have come down in five '4-point steps since mid-February, the last one on May 24.
Discussions between Bank of

England and Treasury officials on the timing of the next cut have been given added urgency by recent evidence that an early economic upturn is unlikely in the UK. In Frankfurt yesterday, the Bundesbank announced a low-

ering of its target range for money supply - based on M3, the broad monetary aggregate - to between 3 and 5 per cent for the year from the original 4 to 6 per cent. Some action on money sup-

ply had been expected in financial markets, but there was also mild speculation that the central bank would raise the discount rate, now at 6.5 per cent, to leave it nearer the Lombard emergency funding

rate, at 9 per cent.
The decision to leave key rates unchanged led the dollar to strengthen by nearly 2.5 pfennigs to DM1.8345. Economists still do not rule out a rise in German interest rates later this year, especially



Bank managers; Outgoing Bundesbank president Karl Otto Pöhl talks to his successor Helmut Schlesinger yesterday

Mr Helmut Schlesinger, who takes over as president from

Militating against interest rate action this time may have been the desire not to embarrass the Bonn government before next week's London meeting of the Group of Seven industrial countries by putting up rates when other countries are keen to lower theirs. since the discount rate is below Since Germany's last money

reflects what is already hap-pening on the monetary front. East Germans have switched

into long-term savings more quickly than expected, so the sharp initial rise in M3 – comprising cash and certain types of short-term savings deposits - in east Germany since currency union has slowed down. But the Bundesbank was also keen to reinforce its warnings about inflation after

for the rest of the year would continue to be aimed at keep-ing price tendencies, both domestic and foreign, "in nar-row limits". The west German inflation rate was 3.5 per cent in June.

in the UK, speculation about an interest rate cut today increased after the Bank of England broke with recent practice and lent £480m (\$768m) overnight to the UK's

market levels.

Supply growth figures, for recent high wage settlements, discount houses – specialist The next meeting of the April, showed M3 rising at an tax increases, and rising government spending.

Bundesbank council is in midannual rate of 3.5 per cent, the August and will be headed by decision to reduce the target.

Thus it said monetary policy the banking system.

This move was against the pattern of the Bank of England's money market operations on recent Thursdays. On these occasions, it has lent to the discount houses until the following Monday, signalling its lack of willing Continued on Page 18

UK inflation outlook, Page 8 Lex, Page 18 Currencies, Page 34

Japanese golf services group hits the rough

By Robert Thomson in Tokyo

JAPAN'S financial troubles have struck at one of the country's most cherished institu-

tions - the golf club. One of Japan's leading dealers in golf club memberships, Ginza Golf Service, yesterday filed for court protection with outstanding debts of Y260bn (\$1.86bn). This is Japan's second largest expresses failure ond largest corporate failure this year and the fourth big-

Golf club memberships, for which there is a large secondary market and a market index of prices for 500 leading clubs, are generally seen as an alter-native to share and land purchases, and the failure of Ginza Golf is another sign of the tur-bulence in Japanese financial

The Tokyo District Court said Ginza Golf filed for protection yesterday and had blamed its failure on a slump in the golf membership market, an unsuccessful diversification into property development, and problems with customers who secured their loans with

stocks. Ginza Golf was established in 1968, and its business expangrowth of the secondary market in golf membership certificates. The certificates entitle the holder to play golf and also to speculate - the latter pastime had been particularly popular until a market slump

began early last year. The Nikkei Golf Membership Index reached a peak of 948 in March last year, after rising more than 50 per cent in only eight months, but it has since fallen more than 300 points. The average price of a member Continued on Page 18

Bush and Major threaten force over Iraqi nuclear capability

By Philip Stephens in London and Llonel Barber in Washington

BRITAIN and the US warned President Saddam Hussein yes-terday that they were ready to take "whatever action is necessary" to destroy Iraq's nuclear weapons capability. The warning followed a tele-

phone conversation between Mr John Major, the UK prime minister, and President George Bush in which they discussed the obstacles which Iraq had placed in the way of UN teams inspecting its nuclear sites. British officials said both leaders had been angered by what they saw as President Saddam's decision to flout the terms of the Gulf ceasefire and

subsequent UN resolutions. These provided for the destruc-tion of the country's nuclear capability and weapons of mass destruction. Mr Bush's conversation with Mr Major marks an effort to canvass opinion among allies on the next moves to force Mr

Saddam to reveal the full

extent of Iraq's nuclear pro-

Mr Bush has declared that he is gravely concerned about lraq's clandestine efforts to

develop a nuclear bomb, and he has made clear that he is considering possible military action against Iraq. However, the administration remains oppose until it is cure

bombing raids until it is sure that it enjoys widespread sup-port among allies and that the military strikes would either destroy the suspected nuclear materials or have some direct salutory effect. The decision to release

details of their conversation was seen in Whitehall as an implicit threat that if the Iraqi leader did not co-operate fully with the team of UN investigators which arrived in Iraq earlier this week, the two countries might take military iction.

Members of the 37-member

UN team, comprising largely experts from the International Atomic Energy Agency, said yesterday that they will extend their stay by a further week in order to continue checks on suspected Iraqi nuclear equip-British officials emphasised,

tions to remove not only nuclear but also chemical and biological weapons installa-A factor which counts against immediate military action is Mr Bush's upcoming visit to London this weekend where he is due to attend the Group of Seven summit of industrialised nations, followed

Mr Bush had not set a timetable for any possible military response. Instead they hoped that the Iraqi authorities

would now meet all its obliga-

by talks with President Mik-hail Gorbachev.

During his trip abroad, Mr Bush is due to visit Greece and Turkey, a neighbour of Iraq. Most observers believe it would be unlikely for Mr Bush to risk launching a renewed attack on Iraq while he is out

of the country.
US officials make no secret of their outrage over Mr Saddam's efforts to conceal nuclear materials and to defy United Nations inspectors who are seeking to track down trac's nuclear production capabowever, that Mr Major and

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No FT views?-No comment.



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Takob Hydroelectric station run out ... US politics: Bush had no alternative to renom-Inating Greenspan as Fed chairman ... South African economy: Litting of sanctions will have a liberating effect on business 4 British economy: Today's retail prices index should be the week's economic highlight8 Manufacturing: Some dangerous dogma dis-covered about the future of manufacturing 14 Electro-magnetic tests: ICL is testing machines in the UK's only saltmine ... G7 summit: Problems discussed will show

how far off a 'new world order' is 20-22 Commercial Law 25

Soviet plant's dilemma: Spare parts for Tajik Action by world leaders -- 2 needed to revive trade talks At the beginning of



June, Arthur Dunkei Gatt director-general, reduced the number of negotiating groups and set a schedule to get at least initial results by the end of July. So far there have been no results.

World markets London stocks

New York lui \$1.8065 London: \$1.6085 (1.6215) DM2.95 (2.9425) FFr9.9925 (9.975 \$Fr2.555 (2.55) Y222.75 (224.5) £ index 89.5 (89.7) GOLD New York: Comex Aug \$368.9 (371.2) \$367.95 (370.65) N SEA OIL (Argus)

Brent Aug \$19.325 (19.375)

Chief price changes yesterday: Page 19

MARKETS

DM1.8335 (1.814) FFr6.2125 (6.1525) SFr1,589 (1,572) Y138.55 (138.5) index 68.6 (68.3) Tokyo close:Y138.67 US knochtime ret Fed Funds: 5.13 % 3-mo Treasury Bills: 5.733% Long Bond: 96₃₂ yleid: 8.485%

New York func

DM1.8327

FFr6.2135

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New York: DJ Ind. Av. 2,952.15 (+7.38) S&P Comp 376.54 (+0.8) Takye: Nikkel 22,937,92 (-183,38) LONDON MONEY 3-month interbanic 11.0% (11%) Little long gill future: Sep92 16 (9132)

2,510.5 (+2.1)

Ff Ordinary: 1928.4 (+10.3)

FT-A All-Share:

1,198.28 (+0.1%)

Central Soviet tax and monetary control urged

LEADERS of the Soviet government and state bank yesterday warned that the union would disintegrate if taxation and monetary policy were not kept under central control, writes John Lloyd in

Their remarks were in strong contrast to the optimis-tic gloss put on recent agreements between the centre and the republics by President Mik-hail Gorbachev and Mr Boris Yeltsin, the Russian president.

Mr Valentin Pavlov, the prime minister, said a joint union-republican anti-crisis plan, agreed between the cen-tre and 10 of the 15 republics on Monday, had been unable to pronounce on many crucial issues because a sharing of powers between the union and the republican governments had not yet been agreed. He stressed that a tax system which enabled the centre to levy federal taxes was still under consideration – even though the anti-crisis plan appears to allow Russia and the Ukraine to pay tax to the centre at their own discretion. "There will be a federal tax," said Mr Pavlov. "Without a federal tax there can be no

The central issue of the tax was a centrepiece of a debate on the union treaty in the Supreme Soviet yesterday. Mr Rafik Nishanov, Council of Nationalities chairman, said: "If Russia's and the Ukraine's demands for a one-channel taxation system are accepted in a new union treaty, the central agencies would be forced to their knees and the union

would be deprived of life."
Mr Yuri Blokhin, a leader of the hardline Soyuz group, which opposes the union treaty, said: "The provision



Valentin Paviov makes a prime ministerial point when he spoke in Moscow yesterday about the Gorbachev reform plan

However, the treaty is expected to be agreed in a second day of

Mr Victor Gerashchenko, the State Bank chairman, said a "war of banks" was taking place in which republican banks were following their own credit and monetary policy. In a tone of mild exasperation. Mr Gerashchenko said: "As I tried to explain to the Federation Council [of republi-

rying out such a policy you are taking money from your neighbour's pockets

Quoting Mr Jacques Delors, president of the European Commission, the State Bank chairman said two things were necessary for a union - a central bank and federal tax-rais-As for the programme that

principle between the anti-cri-sis plan and that of Mr Grigory Yavlinaky in association with Mr Gorbachev will take to the US experts. The plan in its

don next week, Mr Pavlov said

it would be "flexible". It would have as its base the anti-crisis

plan, with elements from other plans, and "some quite unex-pected proposals [from the Soviet side] might emerge in

the talks in London". He saw no differences in

number of elements from the Yavlinsky plan, particularly on foreign investment. Mr Shcherbakov said the two

plans were close in many things, but the Yavlinsky plan paid little attention to the need for a political union of the republics. He also said, referring to economic content, that "we cannot afford to offer our population shock therapy methods without guarantees of

The economic situation had reached a critical level and the reforms are calculated at a level beyond which we cannot go because the population would not stand for it," he

At the same time, both Mr Pavlov and Mr Shcherbakov insisted that a turn to the market was now inevitable -though that it would happen more quickly with western aid Oil exports to fall, Page 26

Czechs approve

sell-off

candidates

G7 urged to link aid to cuts in arms spending

By Robert Mauthner

THE seven leading industrialised nations should decide to link their aid to developing countries to cuts in defence expenditure at their summit in London next week, Mr Denis Healey, the former British defence secretary, said

The Group of Seven and the five permanent members of the United Nations Security Council, who have already started preparing their position on a Middle East arms control regime, should also freeze all their arms sales to the third world until their guidelines had been formally agreed and endorsed by the UN.

Mr Healey, who was speak-

ing at a press conference in London of the British American Security Information Council (Basic), an independent research organisation. said it made no sense for aid to be dispensed to third world countries in the absence of cuts in their defence budgets. That would merely release

more money for arms imports.
Citing World Bank figures,
Mr Healey said the poorest
countries in the world spent as much as 20 per cent of their total budgets on defence and

arms. In 1990, the third world's total expenditure on defence was more than \$170bn. Mr Healey's proposals followed the presentation of a Basic report written by Mr Frank Blackaby, a leading arms trade expert, which argued that the big powers were on the wrong track in concentrating mainly on restricting the export of weap-ons of mass destruction instead of conventional arms. The powers seemed more

oncerned to try to stop the spread of weapons with which they themselves could be threatened, and not so much with the spread of weapons with which third world countries could threaten their tries could threaten their neighbours, the report said. It also said that some coun-tries still justified arms sales as maintaining regional bal-ances of power, whereas all they did was set off regional arms races. At the same time, the economic pressure for arms the economic pressure for arms sales was stronger than ever. While arms production for home armed forces was being cut in northern industrialised.

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continued to look for markets in the third world to absorb their production. Contrary to the conventional wisdom, Mr Blackaby argued that agreements by arms-importing countries to limit their offensive weapons would be more effective than arms suppliers' agreements to restrict

states, their arms industries

Croats and Serbs fight fierce battle.

Two die in renewed Yugoslav fighting

By Oleg Popov, Reuter correspondent in Osijek

CROATIAN militiamen and Serbian nationalists fought for eight hours with heavy machine guns and grenades in the Croatian town of Osijek yesterday.

bullets, said several Serbs

armed with rifles and grenades

Community, to avert civil war

Residents said it was the

worst fighting in Osijek, a usu-ally tranquil town of about

40,000 people some 20km from

Croatia's border with Serbia.

But shooting has broken out

almost nightly in recent weeks

in surrounding towns and vil-

"It's not that we can't

in the Yugsolav federation.

killed and doctors at a local hospital said another three were wounded, in one of the fiercest clashes in Yugoslavia since the June 25 independence declarations by the republics of Croatia and Slovenia.

About 100 Croatian militiamen surrounded a small singlestorey house in the town 150 km northwest of Belgrade, and pumped hundreds of rounds of bullets into the building, virtu-

ally destroying it. The militiamen, backed by an armoured vehicle, said they were fired on as they circled the house at 2am after receiving a tip-off that Serbs were holed up there with weapons. One militiaman, ducking

Privatisation bids must be

Dutch tourist Jan Sangers has been sitting out the Yugoslav crisis with his feet up, gazing out to sea from a campsite on the Adriatic coast, Reuter writes from Erban L'a marine Gul

couple and two or three Yugoslav families the large campsite in Opatija, usually fully booked months in advance, is dead.

the Croatian capital Zagreb, Opatija has certainly seen better times. In the last century the Austrian Habsburg emperors made it their sea-

were trapped inside. A man apparently caught in crossfire lay motionless in a ditch. A Croatian policeman in camouflage gear collapsed wounded to the ground and was dragged away.

Doctors at Osijek hospital

said one Croatian policeman had been killed and a woman civilian had been blown to

Another woman had her hand blown off when a grenade she was holding exploded. The clash disrupted a cease-fire agreed last Sunday, after ditional power rivals. intervention by the European

Croatia started moves last year to break away from Yugoslavia and many of the 600,000 Ser-bian minority in the republic took up arms in opposition. The violence has worsened since Croatia formally declared its independence. Croatian leaders say they fear the federal army, most of whose senior officers are Serbs, will

Fifty years on, the spare parts run out

Western consortia may invest in oil and gas sector

Germany steps up efforts to revive trade with Soviet Union

By Lesile Colitt in Berlin

GERMANY is intensifying its efforts to prop up plummeting levels of trade with the Soviet Union despite worsening Soviet payments problems.

Mr Jürgen Möllemann, the German economics minister, said German trade promotion offices would be opened in the companies had also formed consortia to deal with possible and gas sectors which would generate hard currency.

Mr Möllemann yesterday opened an office in Berlin of the Eastern Board of German Industry, which is to help revive trade between east Germany and the former Comecon countries, especially the Soviet Union.

Trade between companies in east Germany and the Soviet Union has fallen to less than one-third of last year's DM16bn Minsk and Moscow.

(\$8.70bn). Mr Möllemann warned that if the Soviet Union was not integrated into the world economy things would get ery difficult". Trade with the

Soviet Union was preferable to "social transfers" he said. But German companies are running up against severe problems. A representative of one large German group said its long-standing railway co-operation agreement with a leading Soviet research group faced collapse as the Soviet partner could not pay for

essential western equipment. Mr Otto Wolff von Amerongen, the long-serving chairman of the Eastern Board, urged that a House of German Industry building nearing completion in Leningrad should be followed up by similar trade buildings in Kiev.

Mr Wolff suggested that the Soviet Union, in taking its first steps toward a market economy while strapped for hard currency, should pay

more attention to compensation trade with the west. He said the potential market for Soviet energy supplies in Europe had grown as the US-imposed limit on supplies of gas from the Soviet Union to western Europe - to 30 per cent of total supplies
- was no longer applicable.
However, Mr Karl-Hermann

Fink, manager of the Eastern Board, said German and other western banks and companies would not invest in the Soviet energy sector with the aim of boosting output until the republics had concluded binding legal agreements with Moscow regulating the ownership of resources on

Sofia deputies go on hunger strike over new constitution

By Ben Crampton in Sofla

A GROUP of 23 radical Bulgarian deputies has gone on hunger strike seeking to prevent the promulgation of the

country's new constitution.

The MPs believe a constitution passed by the Socialist (exCommunist) majority in parliament contains legal loopholes
to enable them to continue to hold power. They object to the vagueness of the document and its rushed passage through

The Socialist majority, who won in last year's elections, was effectively increased by a walk-out by 80 opposition depu

ties in May.

The political temperature was raised by an announcement on Tuesday that the document had completed its parliamentary passage, earlier than expected.

It had been assumed that the

constitution would not be ready for the July 17 deadline so the announcement on Tues-day took many by surprise and led to a rise in political tension. The document is due to

be signed today by at least two thirds of all MPs. The strikers are all from the right wing of the opposition coalition, the Union of Demo-cratic Forces (UDF). They include some of Bulgaria's most prominent political fig-ures, such as Mr Stoyan Ganev

(co-chairman of the United Democratic Centre), Professor Elka Konstantinova (leader of the Radical Democratic Party) and Mr Georgei Markov of Ecoglasnost. They are demand-ing that the constitution be approved by a two-thirds

dum.
The influential Podkrepa Lahour Confederation, an associate member of the UDF and one of two main trade union confederations, has called on people to form a human chain around the parliament building today to prevent deputies from

Podkrepa may also use its powerful strike weapon which, in the past, has brought down a president and a government.

government has approved a list of 1,776 big companies to be privatised in the first wave of a multi-billion-dollar sell-off programme, Reuter reports from Prague.

Another 1,118 companies will be privatised in the sec-

THE Czech regional

ond wave, next year. The Slovak regional government will also approve its own list in the republic before July 15. The government plans to

sell almost everything accumulated during 40 years of communist rule. "The number of enterprises not being privatised is minimal," the Czech regional minister for privatisa-tion. Mr Tomas Jezek, told a

He said he could not estimate the value of the companies until August 31. Almost 500, in areas such as telecommunications and railways, will not be privatised within the next five years.

submitted by November. They will be approved or rejected

Polish banks in 'twinning' deal with west

By Christopher Bobinski in Warsaw

FIVE western European commercial banks yesterday signed letters of intent in a scheme designed to help modernise Poland's state-owned Under the plan devised by the International Finance Cor-

poration, a World Bank affili-

ate, the five banks are to be "twinned" with five Polish state-owned banks to provide the latter with modern banking expertise for three years. Sir William Ryrie, head of the IFC, called the scheme a "genuine innovation" under which the Polish banks will receive advice "from day-to-day credit decisions to long-term

strategic planning". Mr Jan Krzysztof Bielecki,

the Polish premier, welcomed the scheme and thanked the western banks for "their pres-ence and their help".

The five banks are Allied Irish Bank, Instituto Bancario Sao Paolo di Torino, Midland Bank, the Dutch NMB bank and Unibank from Denmark. The scheme is to be partly financed through a World Bank loan and marks an important part of Poland's banking reforms. These include the privatisation of the greater part of Poland's nine stateowned banks, all of which will eventually be included in the IFC twinning arrangement. For the moment Poland's Finance Ministry, which is responsible for the privatisa-

tion of the banking sector, has identified Bank Slaski (BS) in Katowice and Wielkopolski Bank Kredytowy (WBK) in Poznan as the first on its disposais list. The ministry expects to annoint a western merchant bank soon to conduct the sales. Allied Irish Bank is to be twinned with the WBK in Poz-

The government wants to offer a management contract and 20 per cent of the equity in each of the Polish banks put up for sale to a leading western bank. Another 40 to 50 per cent would be offered to domestic private and institutional investors, and 20 to 30 per cent would stay in state hands. The authorities are hoping

that the sale of the equity to : western bank and domestic institutional investors can be completed by the end of November; the bank shares would be offered to the general public in 1992. The Sejm, the Polish parlia-

ment's lower chamber, yester-day once again rejected a proposal by President Lech Walesa to change the country's election law in the run-up to national elections on October A mere 89 deputies voted

with the president and 250 against him, with Mr Walesa arguing that the present law would lead to a fragmented chamber and unstable govern-

Nato missile found near downed Italian airliner

By Haig Simonian in Milan

A UK salvage team has discovered part of a sea-to-air missile in the wreckage of a downed Italian DC9 jet north of Sicily, re-opening the long-running mystery of why the air-craft crashed in June 1980, killing 81 people.

The new find, which has been identified as part of a missile used by Nato navies, has been taken up by the special Italian parliamentary committee investigating the unsolved "Ustica disaster The crash has triggered

many theories, including the possibility of a bomb or an accidental downing by a missile fired by Nato or other air

Jo Carley explains how a Tajikistan hydroelectric plant is suffering under perestroika

U S SSR

TURKMENISTAN

KAZAKHSTAN

forces in the Mediterranean Some have linked the crash to the possible presence in the area of a Libyan Mig fighter, while others have suggested the culprit was a stray missile from an Italian fighter.

Charges of a cover-up by the Italian authorities intensified following the revelation of a four-minute gap around the time of the crash in the radar tape for the area recorded at a nearby military airbase.

The latest discovery, of a missile which could have been fired only from a sizeable vessel, follows a decision this year to authorise a new search for

Opatija in Yugoslavia.
"I'm not worried," he said.

"It's as quiet as a library."

Apart from another Dutch

A town of majestic villas

side resort. Now all but three of the more than 30 hotels are shut. Huge facades of closed shutters look down from the hillside onto the colonnades and palm trees of the seaf-

ront promenade.

"Personally I love it so quiet. It is just a pity that war is the reason," said Ms Rachel Crouzier, a 24-yearold Frenchwoman from Strasbourg.
"The local people are more

friendly – they have plenty of time to be. But it is a total disaster for them," she said.

few kilometres away.

The region, called Slavonija, is inhabited by Serbs and Croats, blood enemies and tra-Tensions have risen since

attack it within days.

The army sent armoured columns into Slovenia on June 27 in an attempt to secure key points including border posts, but met stiff resistance from Slovenian territorial defence units and failed to crush the republic's independence bid.

Brussels hails ruling on intellectual property By David Buchan in Brussels

AN EC court ruling on European Court of Justice, may not be great, EC officials was halled by the European said, because national UK and Commission yesterday as hav-ing important implications for competition law in industries such as computers.

Directly at issue was an

appeal by the BBC and Inde-pendent Television of Britain and by RTE, the Irish state network, against Brussels' 1988 ruling that they were abusing their dominant position by not letting an independent magazine list their forthcoming TV programmes. All three networks publish their own highly

profitable TV guides.
The EC's Court of First Instance on Wednesday upheld the Commission's action and its argument that the exercise of copyright - in this case the TV companies's refusal to license outside publication of their programmes - abused a dominant market position.

The immediate impact of the ruling, which can yet be appealed against to the full

may not be great, EC officials said, because national UK and Irish law is changing and so are TV stations' attitudes. But for the first time, an EC court has been ready to limit

the scope of national intellectual property laws, a senior Commission official said: "I do expect repercussions in the computer industry." There, dominant manufacturers are reluctant to supply their smaller competitors with the technical information which the latter need to make their machines compatible with a dominant supplier's product. The issue has never been tested properly; in a case in the 1980s, IBM settled with Brus-

competition commissioner.

said the ruling made clear that

"companies cannot unreason-

ably sit on their intellectual

property in order to stifle

enterprise and prevent new

forms of competition."

crisis of his life.

served 1940s engines are now

UK-Soviet relations.
The arrival of Metropolitan sels out of court. Sir Leon Brittan, the EC

A Hydroelectric station, a Russian engineer, Mr Victor Demin, is facing the biggest In May, his hydroelectric station ran out of its last supplies of a crucial spare part, and half of the gleaming, perfectly pre-

mournfully still.

A typical cliché from a Soviet plant, perhaps. But what makes Mr Demin's dilemma so acute is that his spare turbine part is no ordi-nary one - it was first installed in the plant back in the 1940s by the British company Metropolitan Vickers (now Vickers), during one of the more obscure chapters in

Vickers in this remote valley, not far from the border with Afghanistan, has long since entered Tajik lore. For, although the name of the British engineer who arrived to install the plant has

N the depths of the little known Tajik Takob Hydroelectric station, a Russian engineer, Mr Victor been forgotten, even by the local village "white beards", he is remembered with even more awe than the colonies of first drafted in by the Soviets to build the plant and the nearby fluoride mines - a task they are believed to have accomplished with breathtaking efficiency. "You see, Metropolitan Vickers didn't just build a plant that worked - they built one

that kept working for 50 years," explains Mr Demin, in hushed tones. "Most Soviet ones fall apart after five." This was not strictly true. The Takob plant, like any other, had suffered the occa-sional technological hiccough, as the turbines kept spinning through the Stalinist, Brezh-

or the premonition of an

impending Cold War - to

leave a generous pile of spares.

These - helped by Mr Demin's

nevite and early Gorbachev But the unknown British engineer had had the foresight

AFGHANISTAN PAKISTANT years of careful polishing, tuning and technical nurturing kept the engines intact and the whole site gleaming like a 1940s engineering show-Now, though, with the

demise of the last crucial spare

part, it seems the days of the

plant may be numbered. The Cold War has ended but the problems of hard currency payments have arrived. Finding the necessary dollars to buy spare parts - even if Vickers still made them - may be beyond even Mr Demin's

Varzob TAJIKISTAN

Dushanbe 5 Takob

recently turned it into a co-operative and promptly disnissed three quarters of the staff tocut costs, "but where can we find dollars in a remote Tajik valley?"
The solution may lie closer to home. In recent months, the Tajikistan government has announced plans to develop the mountainous region around Takob as a tourist

resort. It hopes to lure western tourists to the beautiful scenery with "a range of ski ing, walk ing, alpine and cultural attractions", according to Mrs Ufnora Mirzoeva, first party secretary of Varzob district.

where Takob lies. The tourists are thin on the ground as yet but the mountains around the mines have already begun to sprout Swissstyle chalets in anticipation of the arrival of westerners and their western currency.

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Let 1991. respond to the new market sys-tem," explains the head of the plant, Mr Sharafutdunov, who

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moves up

ENVIRONMENTAL issues

have been moving smartly up the agenda for the summit

next week in London of the Group of Seven industrialised

countries, although prepara-tions for the event have focused on Mr Mikhail Gorba-chey's need for money and his

efforts on economic reform.
President Gorbachev is to arrive after the summit ends.

The environment, on the other hand, is always with us - and

there is hope that the G7 will

leap into action with a firm, costed proposal.

The summit is not expected.

however, to out green the sum-mit last year in Houston,

where environmental matters

where environmental matters took up nearly a quarter of the final communiqué. In his speech on the global environment this week, Mr John Major, UK prime minister, said he hoped to attend the Earth Summit in Brazil next June, when world leaders are to "extend the rule of less to

to "extend the rule of law to the global commons". Yester-

day, he went so far as to com-

mend G7 leaders to attend the conference in Rio de Janeiro.

With these sweeping state-

ments. Mr Major made clear

that the main business on the environment – and especially on global warming – will take place not in London, but in

Brazil. The meeting next week

will essentially be the consen-

sus-building preparation of the ground for Rio.

there will be a "narrowly focused" discussion of the three main topics - climate change, safeguarding of tropi-

The differences arose out of

The US believes Japan ledged **19**bn in dollars last

January, of which \$7.8bn has

The \$1.2bn shortfall includes

the yen/dollar exchange rate,

and \$700m because Japan

steered some of the money to European and Arab members

of the coalition, which Wash-

ington believes it should

After long negotiations, Japan has now put up an extra

JAMAICA'S finance minister

said yesterday he would go to

Paris next week to seek a rescheduling of over \$100m in official bilateral debt when the Paris Club of creditor nations meets, Reuter reports from

Mr P J Patterson, who is dep-uty prime minister and minis-ter of finance, told parliament

that Jamaica assumed it would have a rescheduling of some of its debt servicing this year as part of the standby agreement signed with the International

Monetary Fund (IMF) on June

Jamaica the right to draw down \$59m and entitles it to

purchase \$20.7m to meet the gap in balance of payments which arose from higher-than-

expected oil import bills this

varying interpretations of promises made by Japan last

Japan offers to boost

Jamaica in attempt to

According to G7 officials,

G7 agenda

cal forests, and biodiversity. But there will be specifics. In

pre-summit meetings, the C7

has been debating its pet environmental initiative - the con-

troversial \$1.5bn pilot pro-gramme for protection of the

rainforest in Brazil, commissioned by the G7 in Houston.

This programme - produced by the World Bank, European

Community and Brazilian gov-ernment - should be in place by the Rio summit, as an example of co-operation by

industrialised and developing countries on environmental

It is also hoped that the G7 will set the financial ball

rolling for the scheme with a

pre-summit meetings, but there is bound to be a positive

mention of the pilot programme in the final communi-

its Houston initiative shrivel, especially since the Brazilian

government has just altered its environmental policy by allow-

ing debt-for-nature swaps for

Progress on tropical forests is regarded as especially impor-

the summit's environmental

agenda - climate change and

biodiversity - have become

bogged down.

If a decision on forests fails to materialise, there will be

talk of "further analysis" and

some environmental declaration to accompany customary political and economic ones.

make up the additional \$700m. Mr David Mulford, the Trea-

sury under-secretary for inter-national affairs, said yesterday

that the \$500m took account of the problem of the foreign

However, he refused to com-ment further.

Washington is also pres

for Japanese concessions on its

restrictions over rice imports, in part to help the world trade

President George Bush yes terday discussed the issue when he met Japanese Prime

exchange shortfall.

nebunkport, Maine.

it, as the other two items on

the first time.

The G7 is anxious not to see

small allocation of funds. it has met opposition from the US and UK governments in

Environment

1 to link

iowed the presentation of Resic vepors without a series of the winds and concentrating of the powers of the powers of the powers series of weapons the concentrating of the powers series of weapons the concentration of the powers of the powers and make the spread of the series of weapons the concentration of the powers of the concentration of the power of the power of the concentration of power, when the economic presents the economic presents which was stronger than the economic presents and the economic presents where was stronger the power was stronger the was stronger the power was stronger the concentration presents and the economic presents where was stronger the power was stronger the power was stronger than the economic presents and the economic presents where was stronger than the power was the powe the economic besome Series was smorted to Sales was stronger than White same products to northern industry states, their arms industry the first work to the first work to the production. to the country Windows Mr Blackate & that agreement by an countries to have Offenelle Acabout and

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Mr Patterson said that in

reschedule \$100m debt Paris on July 19, he would ing about \$106m of official debt service payments owed by the government and government

agencies. Since April 1990, a number of major developments in inter-national debt strategy have resulted in substantial concessionalities on debt eligible for Paris Club rescheduling," he

Jamaica's total foreign debt stands at \$4.28bn. The government hopes to have more than \$400m of its official debt to the US forgiven under President Bush's proposed Enterprise for the Americas Initiative.

The government is hoping that the standby agreement which lasts until March 31, 1992, is its last short-term one with the fund. It hopes to negotiate a three-year agreement

China condemns Congress over vote on MFN status

By Yvonne Preston in Beijing

CHINA yesterday condemned as gross interference in its internal affairs Wednesday's vote in the US Congress oppos-ing President Bush's decision to extend unconditionally

China's MFN status. A spokesman for China's Foreign Ministry said the MFN was a reciprocal arrangement to facilitate the growth of trade and financial arrangements, and was in the interests of both China and the US. He also attacked Congress for adopting a bill on the same day attaching human rights conditions to

the renewal. He noted that the number of Congressmen opposed to cutincreased since last year and said Congress should stop "this kind of practice which hurts

On Wednesday the House voted to block the renewal of China's MFN status, but by a margin well short of that

It voted overwhelmingly however, for a bill which would require President Bush to certify that China had improved its human rights policies in order to gain a further extension of the MFN. He expressed the hope that more Congressmen would realise unconditional renewal was in the interests of both countries.

To refuse MFN unilaterally or to attach conditions for renewal constituted an interference in Chinese affairs and was absolutely unacceptable to the Chinese government if "a serious setback in relations between China and America was to be avoided, the spokes

AMERICAN NEWS

Nominee to **Supreme** Court used marijuana

By Lionel Barber in Washington

JUDGE Clarence Thomas, President George Bush's present nominee to the US Supreme Court, has admitted smoking marijuana in college and, possibly, in law school. A similar disclosure was enough to force Judge Douglas instion to the court in 1987.

However, Judge Thomas, 43, admitted his conduct two years ago to the Federal Bureau of Investigation when he was nominated to the Federal Appeals Court. The White House issued a

statement yesterday in support of the black judge, saying he regretted his action, which amounted to "several puffs" in college and "perhaps once in law school". The White House sald Judge Thomas had never again

smoked marijuana: "We view this as inconsequential." • House Democrats yesterday chose Mr David Bonior, a lib-eral from Michigan, to be the party's majority whip in the House of Representatives, a post often viewed as a stepping-stone to the House Speak-

ership.
Mr Bonior defeated Mr Steny Hoyer of Maryland by 160:109 votes in a race which hinged more on personal contacts and operating style than high pol-

Mr Bonior succeeds Mr Wilhar Bonnor success air wil-liam Gray, who resigned unex-pectedly last month to become head of the United Negro Col-lege Fund which helps black people to places in higher edu-cation.



President George Bush inclines to the right while listening to Soviet Foreign Minister Alexander Bessmertnykh in the Oval Office at the White House yesterday

Strong support for CFE treaty

MR James Baker, US Secretary of State, yesterday won strong bipartisan support in the Senate for the Conventional Forces in Europe treaty which mandates sharp reductions in troops, tanks and weaponry on

He said in testimony to the Senate Foreign Relations Committee that the treaty consolidated the removal of Soviet forces from eastern Europe and would serve as a bulwark against the return of Cold War

Republican and Democratic senators voiced support, declaring that the treaty was a good deal for the US and for Europe. The treaty must be ratified by the Senate.

Senator Joseph Biden, a nuclear weapons by 30 per enior Democrat on the com-cent, now in its final stages. senior Democrat on the committee, said the treaty would reverse earlier Soviet conventional superiority in Europe, taking Soviet forces there to a level well below that of com-bined Nato forces.

Senator Richard Lugar, a moderate Republican, pre-dicted that the treaty would be ratified by a large majority. The only Republican dissent came from Senator Jesse Helms, a North Carolina con-servative, who accused the Soviets of lying about their

force levels. He said he would scrutinise more closely the proposed US-Soviet treaty (START) to reduce offensive strategic

Mr Alexander Bessmertnykh, Soviet foreign minister, held talks with President George Bush at the White House yesterday, in an effort to resolve the final differences on

the START treaty.
The Soviet delegation, which includes General Mikhail Moiseyev, chief of the general staff, has detailed responses to US proposals for agreement on three outstanding technical

If an accord is struck in talks this week, Mr Bush has said that he is ready to attend a proposed three-day summit in Moscow with President Gorbachev by the end of this month.

A Fed gradualist for whom there was no alternative

By Peter Riddell, US Editor, in Washington

Bush for a second four-year term, late on Wednesday, because there was no alterna-

To have dropped him would have seriously disturbed financial markets, which feared that any replacement would have been more accommodating over inflation.

Moreover, the Bush administration did not have an agreed alternative. Even the presi-dent's economic advisers who have been critical of the Fed's emphasis on fighting inflation, admire and respect Mr Green-span. There was little debate and the only hint of White House doubt was a delay before the announcement.

Of course, almost every president and Fed chairman differ about the relative priorities of sustaining economic growth and of minimising inflation. As Mr Bush said at the reappointment ceremony, "my view is to keep interest rates as low as possible without getting infla-

tion out of control, and to see this country grow."
The White House/Fed conflicts in the Greenspan era have been less than under Mr Paul Volcker, his predecessor. This is partly because of Mr Greenspan's more conciliatory personality, his desire to build a consensus, not only on the Fed's policy-making Open Mar-ket Committee (FOMC), but

also with the administration. The chairman has also been a gradualist, almost a finetuner, as he has watched a myriad of economic indicators

MR ALAN Greenspan, US to assess the direction of the Federal Reserve chairman, was nominated by President George of the Volcker era, the present Fed has adjusted monetary pol-

icy in small steps.

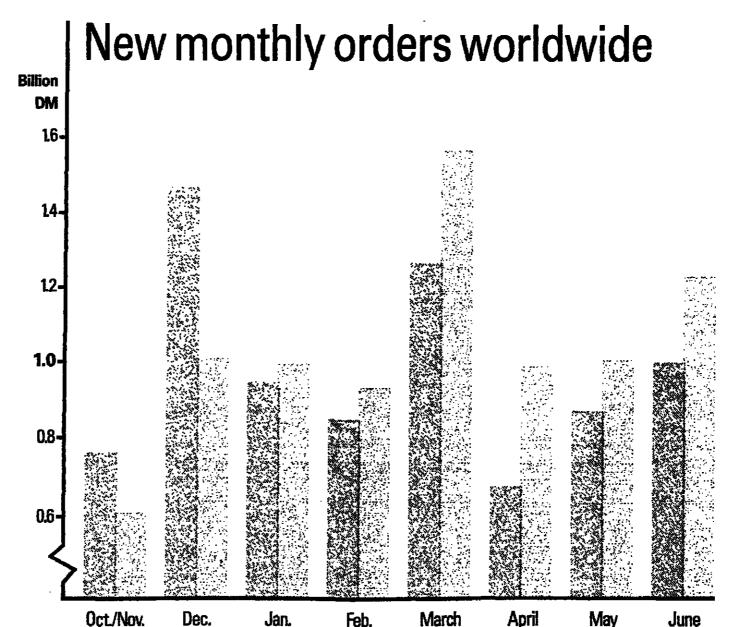
Mr Greenspan's aim has been to squeeze inflation, but his record has been modest. The 12-month rate of increase of consumer prices was about 4 per cent in mid-1987, hit a peak of just over 6 per cent late last year after the sharp rise in oil prices, and is now about 5 per cent. The underlying rate over the period has stayed in the 4 to 4.5 per cent range. However, Mr Bush's top eco-nomic advisers believe the

chairman did not respond rapidly enough to the evidence of a slowing economy last year, the key Fed funds rate having been left unchanged from December 1989 until July 1990. The criticisms disappeared as the Fed cut interest rates several times and in the light of the recent evidence that the

decline is over and the economy has begun to pick up. However, the White House is concerned that the Fed may be too cautious from now on, thus risking a very sluggish recov-ery and possibly even a further

Mr Greenspan is likely to continue to steer a cautious path between these pressures, while seeking, if possible, to push down the underlying inflation rate. Even Professor Milton Friedman, the veteran monetarist and critic of the Fed as an institution, has conceded to the New York Times that, as long as the central bank exists, "Alan is as good a person" as it could have.

Gulf war contribution By Peter Riddell THE JAPANESE government SIEMENS \$500m for unanticipated costs has offered a further \$500m of emergency relief and mili-tary operations in the aftertowards the cost of the Gulf war, in an attempt to defuse the dispute with the US over math of Operation Desert its contributions. **NIXDORF** But Tokyo is unwilling to



Siemens Data and Information System and Nixdorf Computer AG, Oct. '89 - June '90'

Signers Notion Information Systems AG.

Synergy at work

Average values

Japan-EC trade surplus may cause G7 flare-up

customs-cleared exports for

JAPAN'S trade surplus with the European Community rose 48 per cent in June to \$2.35bn. raising fears that it may lead to friction with the EC at the Group of Seven summit in Lon-

For the first half of the year. the surplus with the EC ed a 63.3 per cent increase to \$14.39bn

Japan's overall surplus for June rose to \$7.26bn, 8.9 per-cent up on the same month last year, while the surplus for the first half of this year was 26.3 per cent higher at \$32.3bn. Imports of EC-made cars were 27 per cent lower for the month of June while imports of art works, which have suffered because of Japan's financial turbulence, fell 92.2 per cent on

June rose 6.9 per cent overall to \$25.4bn, while imports rose 6.1 per cent to \$18.14bn. Exports to the EC rose 9.3 per cent, while imports fell 13.3 per cent, and exports to the US fell 5 per cent, while imports rose 5 For the month, the surplus with the US was \$2.46bn, down from \$3.280n in June last year. The surplus with the US for the first half fell 6.2 per cent to

\$15.93bn, but the gap is expec-ted to widen in coming months with a gradual slowing of the Japanese economy, and Japa-nese companies looking to the recovery in the US economy

Japanese government offi-cials have said "special factors", such as currency fluctuafor raw materials, have been behind the increase this year. However, export growth, which slowed in June, is generally expected to gather pace later in the year, along with trade fric-

Other Asian countries are taking an increasing share of Japanese trade, with exports to the region rising 15.2 per cent in June and imports up 20.1 per cent. For the first half, the sur-plus with Asia was 49.5 per cent higher at \$14.57bn.

The strongest growth in Japanese exports in June was reported for electric machines, up 15.9 per cent, precision instruments, up 15.1 per cent, ordinary machinery, up 12.8 per cent, and chemicals, up 12.7 per cent on the same

Tokyo toughens monopoly law

ENFORCEMENT provisions for Japan's anti-monopoly law were strengthened yesterday when the Fair Trade Commission issued rules authorising itself to order linked compa-nies engaging in unfair prac-tices to divest equity stakes.

The rules come after years of pressure applied by the US government to put teeth into fair trade regulations. The US has been aiming its

guns at the keiretsu, or business groups, arguing that their the new powers will have any

cross-holding of equity stakes is an impediment to trade. The new rules authorise the FTC to force a company to sell an equity investment if, for example, a company forced another in which it has an interest into an exclusive business relationship. The same measure could be applied to a company which refused to deal

with a company with which it had no equity link.

practical impact on business. A recent survey by the FTC con-cluded Japan's manufacturing companies do not discriminate against suppliers on the basis of equity links. If true, there would seem to be no reason to

use the new powers.

Other infractions of the law spelt out in the guidelines include collusion between mer chandise suppliers to halt deliveries to discount stores or joint action by retailers to restrict supplies to new stores

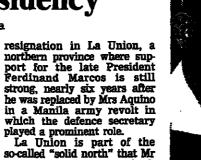
Aquino's defence chief to seek presidency

By Greg Hutchinson in Manila

MR Fidel Ramos, the resignation in La Union, a Philippine defence secretary, yesterday resigned from the cabinet to concentrate on his bid to be the country's next

His was the second resignation of a senior government minister in less than a week. Mr Oscar Orbos, President Corazon Aquino's cabinet chief, quit last Friday. He also wants to run in next May's national

Mr Ramos announced his



Ramos: presidential hopes

China calls for \$200m flood aid

CHINA yesterday made a rare appeal for international aid. saying more than \$200m (£125m) was urgently needed to help 2m people made homeless by floods, and for repairs to communications, power and water supplies, Yvonne Pres-ton reports from Beijing. Chen Hong, head of China's national disaster relief commit-

tee, said direct economic losses from the flooding amounted to over Rmb30bn (£3.4bn). Apart from immediate humanitarian relief, long-term rehabilitation aid was needed for the two most devastated provinces,

Anhui and Jiangsu. Storms and floods have hit 18 of 30 provinces covering two-thirds of China, with rainfall two to five times the normal level. Deaths have reached 1.270, but could well go higher. Nearly 40m people in Anhui (70 per cent of the population), are affected. Nearly 10m have lost everything. In Jiangsu, 42m are affected, 5m of them destitute.

India warned of 'hard economic decisions'

Ramos and Mr Orbos, both from the adjoining province of

Pangastnan, are targeting for

voter support.

economic crisis of unprece-dented magnitude," and people should prepare themselves for "hard and unpleasant eco-nomic decisions," President R. Venkataraman said yesterday. In the new government's first detailed policy statement, Mr Venkataraman was outlining to parliament various structural reforms undertaken or to come. India's application to the International Monetary Fund for a loan to deal with the current balance-of-payments crisis was clearly the reason for the statement, but the president made no refer-

ence to it. The estimated deficit for 1990-91 had risen to Rs107.7bn (£2.6bn) against an anticipated Rs72.1bn, the president declared. The IMF had asked the government to cut the fis-cal deficit from 8.5 per cent of GDP to 6.5 per cent. The gov-ernment was "committed to observing strict fiscal disci-

INDIA is "in the midst of an pline" and state expenditure would be controlled. Cuts are widely expected in subsidies.

The government would work for extensive deregula-

tion and reduction of bureau-cratic intervention", again to reassure the IMF over structural reforms. Technology imports would be liberalised in areas where India did not measure up to international stan-dards, and foreign investment policy would be liberalised.
"Changes in procedures are being worked out so that the investment climate is made more conducive for participa-tion by foreign companies and non-resident Indians."

Hinting at public-sector pri-vatisation, the president promised reforms, including greater autonomy for individual units. The Gulf crisis had worsened the balance-of-payments prob-lem. Its direct adverse impact was estimated at \$2.7bn (£1.68bn) and the cost of imported oil had risen by \$2bn.

Haj air crash claims

ALL 261 people abourd a DC-8 aircraft carrying Nigerians home from the Haj pilgrimage in Saudi Arabia died as the jet crashed in flames minutes after take-off from Jeddah air-

The disaster is the latest to plague the annual pilgrimage, which draws up to 1m Mos-lems a year to Mecca, Islam's holiest site.

The aircraft, chartered to a Nigerian company and bound for Sokoto in Nigeria, plunged in flames half a mile from the airport as the pilot tried an emergency landing after reporting a fire. Leased by Nationair, a Cana-

dian company, the afteraft was carrying 247 Nigerian passen-gers and 14 Canadian crew, the official Saudi Press Agency reported. The government of Canada, the aircraft's country of registration, said it would send five investigators to Jeddah to help determine the

dah to help determine the cause of the accident.

"The plane crashed in flames. All passengers perished," an SPA statement said. The pilot had reported a fire to the control tower minutes after take-off, and had lost control of the landing gear, it added Airline officials at Jedadded. Airline officials at Jeddah said one of the four engines had caught fire shortly after take-off.

Last year, more than 1,400 pilgrims were crushed and suffocated to death during a stampede in a tunnel leading to the centre of Mecca.

In 1987, more than 400 people, mostly Iranians, were killed in shooting after pro-tests against the US and Israel

tests against the US and Israei turned riotous.

The air crash is the fifth to blight the Haj since the 1970s. At the height of the pilgrimage, the vast King Abdel-Aziz International Airport, built with three runways to accomposite the environments of the property of the service of the serv modate the annual arrival of

monate the annual arrival or pilgrims, sees an aircraft take off or land every 10 minutes. A Jordanian jet crashed over Nigeria in 1973 killing 176 people, while 191 died the fol-lowing year when a Dutch DC-8 crashed in 1978 and 1978 Crashes in 1978 and 1979 claimed the lives of 183 and 156 passengers respectively.

France and Iran see end to loan row

FRANCE and Iran are close to settling a lengthy dispute over millions of dollars of unpaid loans and cancelled contracts, which would remove the last barrier to an improvement in their diplomatic ties, William Dawkins reports from Paris. The French foreign ministry

said yesterday it was "reasonably optimistic" an agreement would be completed in the next few weeks, but denied Iranian claims the final accord had been signed.

nao been signed.

The dispute is about a \$1hn loan by the former Shah to the French atomic energy commissariat for the construction of a uranium enrichment plant in southern France. Of the total, France has repaid only \$630m. Iran wants to see the return of the rest, plus an estimated \$1bn of interest. France wants compensation for more than FFr14bn (£1.4bn) of contracts to build nuclear power stat-sions in Iran, cancelled after



Two bomb disposal experts from Royal Ordnance, the British Aerospace company, det-onate unexploded munitions along Kuwait's beaches as they help clear millions of items of lethal ordnance left after the war.

At least 50 soldiers, including six Britons were injured yesterday when ammunition exploded at the last allied base in the emirate at Doha. The incident was the most serious involving allied troops since Kuwait was freed.

Jobless rate falls in Australia

By Emilia Tagaza in Canberra

DEFYING persistent forecasts by the government and indus-try, Australia's unemployment rate continued to improve

The government yesterday reported a seasonally-adjusted rate of 9.3 per cent in June, down from 9.4 per cent in May and the second fall in unem-ployment in two months. Most forecasts have placed figures in excess of 10 per cent during the month. But the government has avoided proclaiming an end to the recession, saying other indicators are still mixed

The government's caution, particularly that of Mr John Kerin, the new federal treasurer, has not escaped the business community. His restrained reaction to good monthly figures has been welcomed as a mark of responsibility and a departure from knee-jerk reactions of past

Mr Kerin last week sent a strong signal of his commitment to tight economic policies in announcing a revision of the government's estimated 1991-92 budget deficit from A\$4bn (£1.9bn) to A\$5bn. He reiterated the government's commitment to avoid pump-priming to bail the economy out of the recession. The revision fol-lowed a smaller-than-expected budget surplus, at A\$1.89bn, for 1990-91.

Meanwhile, business confidence is showing signs of starting to recover. Surveys conducted by National Australia Bank and Westpac Bank have found that companies are expecting both trading and profitability to improve slightly in the coming months.

'Insider trading' probe call fails in HK

By John Elliott in Hong Kong

HONG Kong's securities watchdog last night dismissed suggestions it set up an inquiry into allegations that mainland Chinese companies and other investors used inside information about the colony's proposed HK\$100bn (£7.9bn) airport to speculate on the stock and futures markets early last week.

Both markets made rapid gains, allegedly driven by

mainland investors; on July 1 and 2, immediately after a Sino-British deal on the airport had been secretly initialled in Beijing on June 80.

Fears are widespread that China's companies will import mainland practices into Hong Kong, which returns to Chi nese sovereignty in 1997, which would seriously undermine its international reputation as a regional financial centre.

"Brokers known to be affiliated to the mainland were buy-

ing index futures actively all last week, at a time when the airport agreement had been signed but had not yet been made public," W.I.Carr, the brokerage arm of Banque Indo-Suez, said in its weekly report. The local Hang Seng index

rose 2.4 per cent over the two days to 3,772, but the more sig-nificant move came on the July futures contract which rose from a premium of about 20 to the index to a premium of over 100. Initially, analysts assumed the market was reacting to a 1 percentage point cut in interest rates on July 1.

News of the airport deal did not leak generally in Hong Kong until July 3, one day before an official announcement. Analysts therefore sug-gest mainland companies operating in Hong Kong heard about the deal from Beljing and moved in on the Hong Kong markets on July 1 and 2. It is also being suggested they passed the information to friendly Hong Kong business-men who also speculated

heavily on futures But the Securities and Futures Commission does not have the power to investigate. "We see no basis for an inquiry because the definition of relevant information in the legislainformation on specific companies," Mr Robert Owen, SFC chairman, said last night. Nor does the legislation cover the Futures Exchange. Tougher insider trading laws come into force on September 1, but will not make action possible on this case.

Israeli bank scandal reaches court

By Hugh Carnegy in Jerusalem

THE biggest financial scandal in Israel's history finally reached the courts yesterday when the country's four top banking groups and a group of former executives were charged with criminal respon-sibility for a 1983 crash in bank shares which prompted a \$7bn government bail-out to save the banking system from col-

Bank Hapoalim, Bank Leumi, IDB Bankholding Cor-poration, its subsidiary Israel Discount Bank, and United Mizrahi Bank were themselves accused under three groups of charges laid in the Jerusalem District Court which alleged they violated the statutory responsibility properly to man-age their affairs, misled the public with regard to the value of their shares and failed to disclose full information in prospectuses and accounts.

Sixteen former bank executives and executives from accountancy firms were included in the charges, some of which could carry a jail term of up to three years.

The trial was a direct result of a 1986 judicial inquiry which strongly criticised the banks

and their directors for an elaborate system of supporting their own share prices. The banks lent to their own customers to buy shares, using the shares as collateral. The system, which ran for seven years, collapsed when a devaluation scare drove thousands of investors to sell the shares for dol-

lars.
The affair is still reverberating as the government seeks to sell off the majority sharehold-ings it required as a result of the planned sale back of IDB to the Recanati family of Tel Aviv because Mr Raphael Recanati, the IDB group chairman, and other directors, including his brother Oudi, were among

those facing charges.

Like the controlling interests in the other three banks, the Recanati family had remained in control of the IDB group after the 1983 crash under a preferential share arrangement. Most other senior executives in office at the time of the its rescue operation. Barlier share collapse left their rethis year, it was forced by government legal officers to halt sion published its report. share collapse left their posi-tions after the judicial commis-

The Soweto daily newspaper announces the end of US sanctions

South African business still fights the squeeze

The reins cannot yet be loosened on strict monetary policy, Philip Gawith reports from Johannesburg South Africa

week to lift sanctions against South Africa will have a liberating impact on a business commu-nity psychologically scarred by years of pariah status. This relief will not, however, extend to the factory floor where businessmen continue to grapple with the effects of a tight mone-

tary policy.

Dr Chris Stals, governor of the Reserve Bank, the country's central bank, has pointed out that the lifting of sanctions will not have an immediate impact on monetary policy because the country still does not have access to International Monetary Fund drawing rights. Without this, strict monetary policy has to be main-tained to defend the external value of the currency.

the currency.

Public pressure has been developing for the Reserve Bank to ease its monetary policy. Dr Jaap Meijer, depute the second of the land describes uty governor of the bank, describes the policy dilemmas: "On the one hand, you want 'the new South Africa' to start with a clean inflation slate. On the other, you realise that a man unemployed is a man radical."

With unemployment running at about 40 per cent, these dilemmas are about 40 per cent, these dilemmas are heightened by high political stakes. Indeed, one influential scenario doing the rounds carries the premise that there is not a single example of an authoritarian society making a successful transition to democracy while getting poorage. getting poorer. Per capita gross domestic product in South Africa has declined by 1.5 per cent a year in real

The Swiss National Bank has lifted limits on South African access to the Swiss capital market in place since 1980, AP reports from Zurich. An annual limit of SFr300m (£118m) in new funds South Africa could raise on Swiss capital markets was dropped, and Swiss banks will no longer need central bank permission for loans to South Africa.

Neutral Switzerland never joined sanctions imposed on Pretoria. Instead, it set limits designed to freeze at 1980 levels South Africa's ability to raise money in the Swiss market. Most South African gold reaches the world market via Switzerland. Officials say the SFr300m yearly limit has not been exhausted since 1985.

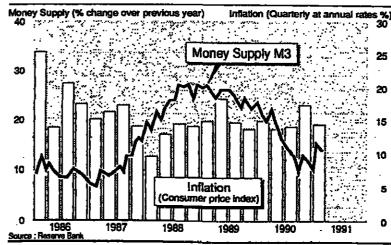
terms since 1981.

mark prime interest rate was lifted to 18 per cent. By October 1989, the rate had risen to 21 per cent, and the first relief came in March this year when rates came down a point. Inflation remains above 15 per cent although the accounts the percent although the economy has recorded six succes-The hard men locally are fond of quoting Mr John Major's dictum: "If it's not hurring, it's not working". But

many argue that at the moment it is

all pain and no gain. Mr Ted Osborn, Superficially, monetary policy chief economist at Nedcor, a big appears a disaster. It has been tight since November 1988 when the benchdomestic bank, says: "I want rates to be dropped. They're doing a lot of damage". Dr Pieter Haasbroek, group economist at Barlow Rand, the country's largest industrial group, agrees.
"Many small businesses are in dire straits. They are closing their doors, never to return. For this reason, and only this reason, rates should drop."

Their view, however, is a minority one. Most professional economists believe the Reserve Bank should stick to its guns. They argue that without tight policies, inflation would have



risen to Latin American levels. They also point out that the argument for a cut in interest rates is based on the economy being weak. Yet gross domestic expenditure rose by 18.5 per cent in the first quarter of 1991 compared with the previous quarter. It is also argued that lack of confi-dence in obtaining strong future returns is a greater constraint on investment than the cost of capital.

The Reserve Bank remains, if not unmoved, then at least unrepentant. Its primary argument is that its job is the protection of the integrity of the currency, not the stimulation of economic growth. It also points to policy successes, particularly on the external front. Dr Meijer cites the stabilised exchange rate and strengthened reserves which have allowed the bank to pay off nearly all its remaining foreign liabilities relating to reserves. Domestically, he points to the significant downward trend in money nificant downward trend in money supply and credit extension: The growth rate of M3 declined from a peak of 27.5 per cent in August 1988 to 10.2 per cent in October 1990.

The stubbornness of the consumer The stubbornness of the consumer price index to come down would appear to be less proof of ineffectual policies than of the deep-rooted, structural nature of inflation in the country. The Reserve Bank has argued all along that its policies will bear fruit only when the prevailing inflation psychosis is broken.

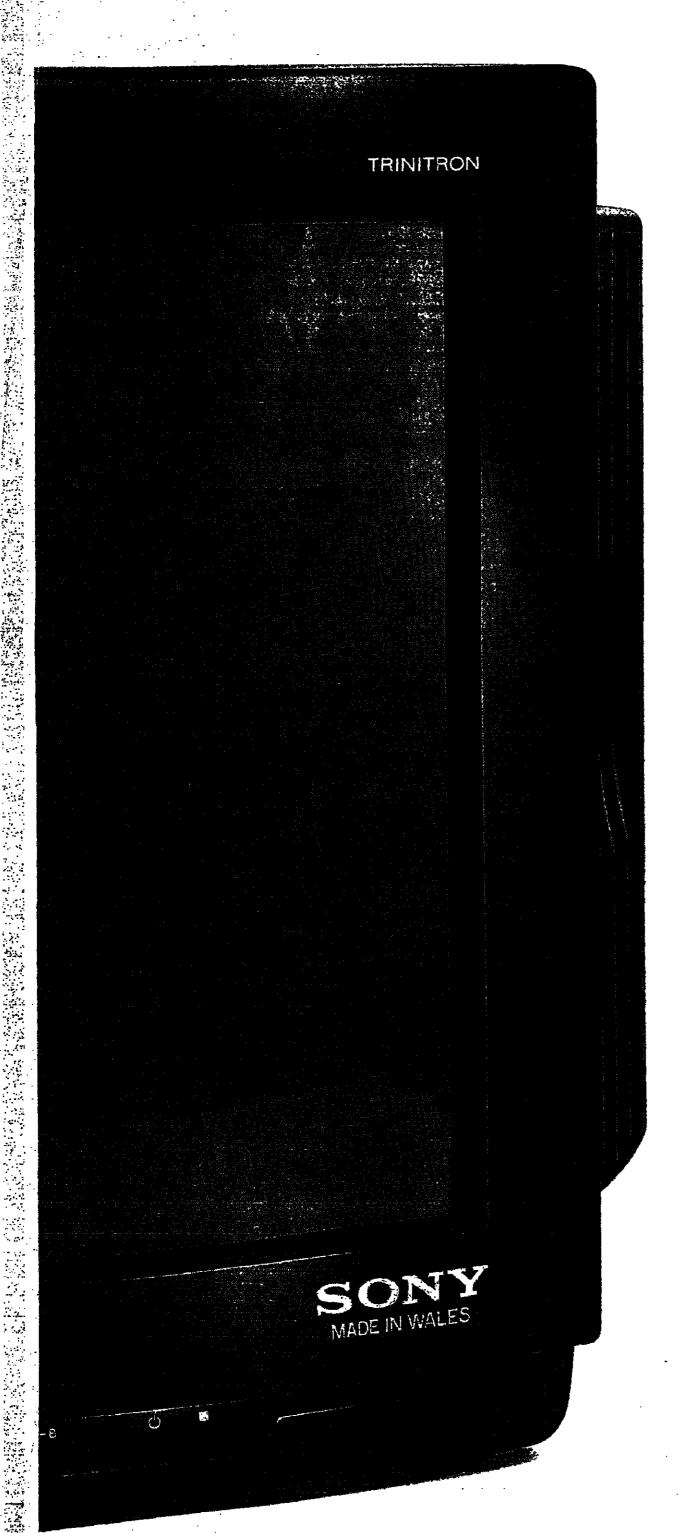
Dr Meijer believes this is particularly evident in trade union wage demands and the prices etting policies.

demands and the price setting policies of businesses. Nominal wages per worker rose 16.7 per cent last year— well above imiation.

The government is keeping its nerve, showing little evidence of putting pressure on the bank to relax its policy. There must be grave doubts, though, whether the bank will achieve its aim of getting South African inflation to the low single digit levels of its main tradition presents. levels of its main trading partners. As Mr Rob Lee of the Board of Executors, commented, the stubbornness of inflation was politically eroding the case for discipline, but economically, that was still very strong.

s court

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Major rules out aid for councils

By Ivor Owen, Nell Buckley and David Lascelles

deposited money with Bank of Credit and Commerce International will not be bailed out by the government, Mr John Major, the prime minister, con-firmed in the Commons yester-

His comments came as local authorities, which had a total of up to £100m invested in the bank, said they were considering suing the Bank of England and their financial brokers. Mr Major endorsed earlier

SOUTH AMERICA

An area of close political ties

BCCI has been scaling back operations in South America's financial centres where it had established close ties with business and political leaders, In Argentina, central bank officials ordered BCCI last December to begin winding up activities. A central bank official said yesterday: "BCCI had to reduce deposits and progressively reduce its activities without being formally liqui-

Deposit taking was to cease on June 30 and the bank was to terminate operations by the end of the year.

It emerged yesterday that BCCI helped mount two foreign debt-for-equity swap operations on behalf of Mr Gaith Pharaon, the Saudi Ara-bian financier and a one-time important shareholder in BCCL to a value of about \$43m

Both operations were lesigned by Mr Javier Gonzalez Fraga, a local financier who was appointed Argentina's central bank governor by President Carlos Menem. Mr Fraga has since left the central bank.

Mr Pharaon invested in a Jojoba plantation in the north of Argentina and in the construction of a Hyatt hotel in central Buenos Aires, Mr Gonzalez Fraga was head of the central bank when it ordered BCCI to reduce operations.

A central bank official said

yesterday that BCCI was adversely affected by Argen-

LOCAL authorities that ministerial statements that local authorities were not entitled to preferential treatment over other depositors, and defended the Bank of England's actions.

Mr Brian Wilson, Labour MP for Cunninghame North, said that less than a week ago BCCI had received "a clean bill of health" from the Bank of England, and that it had been listed by the Department of the Environment as being suitable for local authority business.

tina's notoriously unstable financial system, adding "it

must have had problems meet-

ing capital requirements". In Brazil, the central bank

regulators have mounted a close inspection of operations of BCCI which is heavily involved in foreign trade finance. The central bank said

yesterday that BCCI was not directly affected by the closure

in other countries because it was 66 per cent owned by Bra-

It emerged yesterday that shareholders include Mr Sergio

Correa da Costa, a former

ambassador to London, with 10 per cent of its shares. Mr

Ernane Galveas, a former finance minister, is a member

In Paraguay, where BCCI opened a branch in 1985 during the regime of General Stroes-

sner, the central bank took

over the bank's operations on Wednesday. Clients are able to

withdraw deposits. An official

said the local balance sheet

was sound although he warned of potential problems in meet-

ing hard currency commit-

In Uruguay, the region's off-

shore banking centre, central bank officials took over man-

agement of BCCI's Montevideo

finance house on Monday as a

precautionary measure. It is

believed to have about \$3m in deposits. As in Paraguay, the Uruguay operation was already

of the board.

He urged the prime minister to ensure that the government and the Bank of England faced their responsibility for a "cata-strophic error" that might have influenced council offi-Mr Major replied that any

accountant or finance director

should know that if an institu-tion paid over the market rate of interest it was in the form of The Bank of England said it was aware that local councils

had deposits with BCCI when it decided to close the bank, but it would not have had details of individual accounts because these changed daily.

The authorities involved are meeting next Thursday to discount the statement of the control of the co The Bank did not distinguish between different types of depositors when deciding thether or not to close a troubled bank. By yesterday 24 councils had

declared their deposits in BCCI, amounting to more than £70m. The Association of District Councils said it was

cuss joint action. It is thought that some might join forces to bring a test case against a

The ADC is also taking legal advice on whether councils could sue the Bank of England for negligence in including BCCI on a list of approved



Former BCCI bank manager Ijaz Choudhary: 'With one stone, they kill ten birds'

A 20-year career lost in a day

By Chris Tighe in Bradford

AT HIS Bradford home former bank manager Mr Ijaz Choud-hary ponders the wrecking of his 20-year career.

"With one stone they have killed ten birds," says Mr Choudhary, a BCCI manager since 1980. "I have lost my job; my personal savings are locked into BCCI. And my personal integrity has been shaken, it is in jeopardy. Who will compensate me for the loss of my integrity?"

Mr Choudhary ran the BCCI branch in Bradford until 1989. Then at Leeds, he was respon-

A 40-year-old graduate of Punjab University in Lahore, Mr Choudhary worked for United Bank before coming to England in 1979. Asians, the bulk of his cli-

ents, were drawn by the linguistic competence of the bank staff, he says, the open-door policy, flexibility, understanding of their problems, and availability of letters of credit for importers and exporters. When the bank was closed on Friday, he was not even able to extract his wife's weekly housekeeping from

their personal account. Mr Choudhary has had to borrow £200 from a friend to keep the family going. Private health insurance arrangements for a major operation his wife is to undergo next week have also been thrown into disarray. Since Friday, he has received about 500 phone calls at home from clients asking what will

happen. Mr Choudhary wants a job as a manager, but knows it will not be easy. "The banks and financial institutions won't want to know me when I tell them I worked for BCCL" MONEY BROKERS

Deposits liability disclaimed by Tullett

ONE OF THE money brokers at the centre of the row over how local authority money was placed in BCCI claimed yester-day that the ultimate responsibility for the deposits lay with the councils concerned.

Mr Dereck Tullett, chairman of Tullett & Tokyo, said in a statement that the firm acted under regulation from the Bank of England, which included compliance with the so-called "London code of conduct" for the wholesale money

"As a broker we act in bringing together two parties who wish to transact," he said. "We in no way give any guarantees concerning the bona fides of a party to a transaction and, indeed, the London code makes clear that it is the ultimate responsibility of the principal to assess the credit worthiness of a counterparty."

However, paragraph 12 of the London code appears to place a greater responsibility on brokers than implied by Mr Tullett's short statement. It says: "Firms should exercise particular care when arranging or entering into deals involv-ing any counterparty they believe to be relatively inexpe-

rienced."
Some local authority treasurers have claimed that their relative inexperience led them to rely on money brokers when placing deposits. Tullett is one of 10 brokers

licensed to operate in the ster-ling money markets, and one of four named by councils as having handled deposits placed in BCCI.

Midland starts a help desk

MIDLAND BANK is setting up a help desks for BCCI clients in more than a dozen UK cities. Mr Swarup Choudhury is to head the service. His number is 071 360 6921.

• The BCCI shutdown hit a UK charity which had £20,000 a branches in the Sudan. Action on Disability and Development said the money represented six months' of fund-raising.

Booking centre for deals was \$7bn operation

The \$7bn BCCI operation in the Cayman Islands was a booking centre for deals that may have been fraudulent, rather than a place where fraudulent actions were initiated, according to the local Banking Superintendent. Mr John Atkinson said yesterday. "Someone here might have known more than a gen-eral do this'. But decisions

would rest with BCCI's central

nanagement and credit com-

mittee elsewhere. Bank of Credit and Commerce Overseas (BCCO), based in the Caymans, is one of the main banking operations of the BCCI group. With assets of \$7bn it is similar in size the BCCI SA, the Luxembourg arm which forms the other major component of the \$20bn group. Like much of the rest of BCCL, the Cayman bank was shut down last Friday and will shortly be wound up. The bank has about 30 branches around

banking operations located in the Caymans, which specialise in booking large deposits for wealthy individuals and com-Mr Atkinson said he had first become aware that of fraud in BCCI was uspected when the Bank of England hold him of investigation which began earlier this year He New to London and attended a meeting on July 2 when the shut down decision wal taken. He said there was concernabout what appeared b be "a deliberate concealment from the auditors and sharelockers"

of the bank's true profit.

the world, and employs 50:00

people locally.
Mr Atkinson said that BCOO

differed from other parts of the group in that its deposits tended to be large in size and small in number. As such if

was typical of the offshere

BUSINESSMEN MEET BANK OF ENGLAND

Delegation praises constructive attitude

By Khozem Merchant and Alison Smith

A DELEGATION representing Asian businessmen affected by the closure of BCCI said after a meeting with the governor of the Bank of England yesterday that it was encouraged by the Bank's constructive attitude.

Mr Andrew Popat, the prospective Conservative candidate for Bradford South, who led the delegation to Mr Leigh-Pemberton, said he was optimistic for depositors, once the liquidators finally controlled the assets.

Mr Popat called on Sheikh Zayed bin Sultan al Nahayan, the ruler of Abu Dhabi who, with his family, owns a majority holding in BCCI, to come up with a further cash injection. The delegation is preparing a dossier of BCCI victims. Mr Leigh-Pemberton told the delegation that the winding-up

petition would be heard of 23 July, and that the Bank wold process claims on the depaitors' protection fund within a month after that.

Mohammed Riaz, a meme of the delegation and Const vative parliamentary candida for Bradford North, sail We've been given some ve

Bank will try to help as far a possible." He warned that the collaps of BCCI would have an "astro nomical" effect on the Asia business community in Britair unless there was some assis-

strong assurances that the

tance for them.
Mr Popat expressed disappointment that his constant efforts to meet both the UAE ambassador to the UK and of Sheikh Zayed's representatives had been unsuccessful.

WORLD TRADE NEWS

Toyota to market in Japan

By Steven Butler in Tokyo

TOYOTA has agreed to market Volkswagen cars through its Japanese dealer network. The deal comes as the RC enters the final stages of negotiations over restrictions on the sale of Japanese cars in the single European market, raising suspicions that Toyota is attempting to influence the political tmosphere. Mr Soichlro Toyoda, Toyota

president, said the Japanese car maker wished to broaden the sales opportunities for its dealers. He said the deal would help increase imports to Japan. Mr Toyoda did not directly answer questions about whether the sale of VW cars would take sales away from Toyota. He suggested that if the marketing agreement succeeds, the companies may wish to expand joint vehicle produc-tion in Hanover.

The agreement, covering both Volkswagen and Audi cars, could help to consolidate vW's position as the leading car importer in Japan since it will give it rapid access to a large dealer network. The huge expense of building a dealer network from scratch in Japan has been a large deterrant to has been a large deterrent to

importers.

The arrangement will begin hext spring. It will be Toyota's first involvement with imported vehicles. Toyota has Japan's most extensive dealer network and claims more than 40 per cent of the local market. VW and Audi car imports totalled 4,032 units in the first half of the year. This was an 18 per cent decline from the same period of last year, reflecting sluggishness of the local mar-ket. The vehicles accounted for 23 per cent of all imports. The companies said they expected to have 50 sales outlets in place by the end of 1992, with sales to reach about 7,000 vehicles. By 1996 the two hope to have 100 outlets, and sales of 30,000 units a year. The plan is to establish exclusive VW-Audi dealerships through separate sales outlets owned by Toyota

VW plans to retain its independently-owned distribution network, and to continue distributing cars through the car dealer Yanase. VW is seek-ing Japanese sales of 100,000 vehicles a year by the mid

Mexican minister expects Volkswagens | US free trade deal soon

By Stephen Fidler

MR Jaime Serra Puche, the Mexican trade minister, said yesterday that an agenda for free trade talks among Mexico. Canada and the US was close to agreement. Speaking in London to the FT, Mr Serra said the

negotiations would take place

under six headings: market access, trade rules, services, investment, intellectual property and dispute Seventeen working groups had been established to discuss the issue. He and Mrs Carla Hills, the US Trade Representative, and Mr

Michael Wilson, their Canadian counterpart, would meet in the US for three days from August 18 to discuss the He said an agreement "within a matter of months"

was a realistic target, but declined to forecast when it was likely to take effect. He said he did not foresee "impossible problems and



Jaime Serra Puche: no

obstacles". It had not yet been decided whether the agreement between the US and Canada would be replaced or not. Mr Serra, on a tour of Europe to promote investment in Mexico, said the main issue at stake was competitiveness, at the root of which which lay five elements, all of which would be present in a free trade agreement: continuity of economic policies, economies

of scale, so-called economies of scope to allow specialisation, improved ability to transfer technology and adequately functioning market signals.

Asked about potential difficulties, he raised a number of areas where the negotiations would obviously be complicated: market access and discussions about tariff and non-tariff barriers and rules of origin; trade rules on such matters as subsidies; different priorities on the issue of services, with the Mexican concern being mainly labour-intensive services and the US and Canada's high-capital services; and on intellectual property, such as patents. He pointed to the recent agreement by the Mexican congress of what he described as "most advanced" less on intellectual property. law on intellectual property.

talks on banned goods

THE council of the General Agreement on Tariffs and Trade yesterday gave a working group three more months ing group three more motions to amend a draft agreement on the export of domestically pro-hibited goods and other haz-ardous substances after the US had refused to accept it, writes William Dullforce in Geneva.

At stake are exports by com panies in the industrialised world of chemicals, pharma-ceuticals, pesticides, and hazardous wastes which are ban-ned from sale in their home markets, because they are considered dangerous to health or

which most Gatt members were willing to accept, a more extensive notification system would be operated, giving recipient countries more detailed information about the products and the reasons for their prohibition in their coun-

try of origin.
The US complained that the agreement included too wide a range of products and was too

Recent agreement between

the environment.

Gatt extends | Brazil drops right to restrict imports

BRAZIL yesterday renounced its right under the General Agreement on Tariffs and Informatics about the outline imports for balance of payments reasons, writes William

Brazil and its creditor banks this provision to protect domestic industries.

Informatics is the only sector which Brazil is excluding. But a bill is in Congress to eliminate these restrictions by Octo-

Dullforce in Geneva. The decision, taken in spite of considerable payments diffi-culties arising from Brazil's foreign debt, signalled Brazil's commitment to the liberalisation of trade, Mr Rubens Ricupero, the Brazilian ambassa-dor, told the Gatt council.

been pressing for the reform of Gatt provisions which allow a developing country to impose temporary import restrictions such as quotas or licensing arrangements, if they run into balance of payments trouble. Washington and Brussels have argued that developing coun-tries have made illegal use of ber, 1992.

 The Brazilian government has authorised two joint ven-tures between domestic and foreign computer companies.

IBM and SID Informatica will make micro-computers, while Digital and Elebra are to manufacture medium-sized

Hills seeks more EC farm concessions

MRS Carla Hills, the special US trade representative, yesterday welcomed the EC's latest farm reform proposals, but said they still did not tackle the farm export subsidies on which the Gatt trade talks were stalled, writes David Buchan in Brus-

In a bid perhaps to pressure the EC into more concessions, the EC into more concessions, Mrs Hills, speaking in a Worldnet telecast, repeatedly stressed that she saw no link between the Gatt negotiations and this week's reform proposals by the Commission, which

"are not being offered as a benefit to the US or the world trading system", but because exist-ing EC policies "had broken the bank". However, she said the pro-

posals to reduce price supports

and take more land out of pro-duction "should make it easier for Europeans to think multi-lateral (trade) reform when they know the direction their

The US would continue to insist on specific cuts in inter-nal farm price support, import protection and export subsidies. If a consensus starts to develop in Europe this year for big cuts in price support, "this will give comfort to Europe's negotiators on what they can do in the Gatt", she said. The farm reform plans, which are not expected to figure prominently at next week's London summit of G7 countries, will be discussed by EC

Ministers' pious words fail to dispel Gatt negotiators' gloom

Only action by world leaders can bring the world trade talks back to life, reports William Dullforce

Before next week's London economic summit somebody should tell the leaders of the seven big indus-trial powers about the strange situation faced by their negoti-

stors in the Uruguay Round of trade-liberalising talks.

At the end of May the US Congress renewed President George Bush's fast-track authority to negotiate trade deals. In early June ministers of the 24 members of the Organisation for Economic Co-operation and Development declared that the Uruguay Round had "the highest eco-nomic priority on the international economic agenda."

Since then the negotiators in

Geneva have heard one statement after another from the big trading powers and from agencies such as the World Bank and the International Monetary Fund underlining the importance for the world economy of completing the Round quickly – preferably by the end of the year.

There has not been the slightest impact on the course

of the negotiations in Geneva. Tr's as if they were sending messages from another planet, it's spooky," said one chief negotiator this week.

After the OECD meeting in Paris, Mrs Carla Hills, the US Trade Representative, called

for an action plan to achieve maximum results in the most hotly contested areas, notably the reform of world farm trade and the liberalisation of trade in services. Countries should agree by July 31 on the mechanisms to be used to cut farm subsidies, she proposed. With two weeks to go nothing has

heen agreed.

At the beginning of June Mr
Arthur Dunkel, director general of the General Agreement
on Tariffs and Trade, re-organised the talks, reducing the number of negotiating groups from 15 to seven and setting a seven-week schedule which he hoped would produce at least initial results by the end of July. So far there have been no The most cerie phenomenon

has been the apparent fracture

governments and their trade negotiators, between the statements of intention in capitals and the immobility in Geneva. Morale is being sapped to the extent that privately some trade diplomats wonder whether their governments have lost interest in the If they are serious, the least the G7 heads of government can do next week is to agree to

in communication between

remove this gap between the ambitions they have been voicing and the realities of the negotiations. In practical terms they need to agree, in private if not in the published communique, to take some political risks, to face down some domestic lobbles and to send instructions to their negotiators to start striking deals. Two areas, farm reform and services, are critical. In the first the 14-nation Cairns Group of farm-exporting nations this week voiced its

frustration and warned the London summit again that the

Round cannot be completed

without a substantial outcome on agriculture. Participants are still waiting for the European Community to advance from the position it took last Decem-ber, when its offer on agricultural reform was judged to be hopelessly inadequate by the leading farm-exporting countries and led to the breakdown of the Round at the trade ministers' meeting in Brussels.

n services the onus is on the US, whose insistence on exempting shipping and telecommunications from the new rules and on keeping its right to impose unilateral trade sanctions is rejected by almost all other countries. Work in Geneva on farm

reform over the last few weeks has been "technical" and kept at a low key, in order to avoid arousing political passions. The focus has been deliber-ately switched from "num-bers", the size and range of the reductions in farm subsidies, to "instruments", the methods that might be used to convert current agricultural support

practices into less trade-distorting policies.

Farm negotiators are pursuing an objective agreed in April, 1989 to achieve "progressive and substantial reductions in support and protection".

But the paper did not mention the paper last Fachyrary the talks in support and protection".

Since last February the talks have been based on an agreement, to which the EC subscribed, that the cuts should cover three sectors, internal farm supports, border protec-tion and export subsidies. On June 24 Mr Dunkel, who

now chairs the talks, issued a paper spelling out the many options laid bare in the technical consultations. It is a very confusing document. But the initiated profess to see in it some foreshadowing of an eventual compromise on the "instruments", of how the cuts are to be made.

In tackling internal farm supports, for instance, the paper focuses on a method which would start by defining policies that would be exempt from reductions and placed in a so-called "green box". On what is probably the

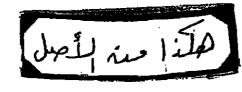
the "corrective factor", the bulit-in safeguard which would allow countries automatically to adjust policies for fluctuations in prices and currencies, on which the BC has been insisting, although the paper detailed other possible safe-guard methods.

Notwithstanding these indi-cations of creeping progress, nobody in Geneva sees how the deadlock over agriculture can be overcome in the near future. The proposal for internal EC farm reform presented on Tuesday by Mr Ray Mac-Sharry, EC Farm Commissioner, has caused hardly a ripple, despite the proposed reductions in EC farm prices, such as the 35 per cent cut for cereals. Negotiators are too well aware that Mr MacSharry faces a long hanl before his

EC ministerial councils. EC ministerial councils.

Hopes, but they are very muted, of being able to negotiate seriously on the crucial problems blocking progress in agriculture and services are hinged on the London summit and on a US-EC meeting sched-uled for July 30 between Mrs Hills, Mr Edward Madigan, US Agriculture Secretary, Mr Frans Andriessen, EC Trade Commissioner, and Mr Mac-

Sharry.
The best that could happen at the summit would be for French President François Mitterrand and German Chancel-lor Helmut Kohl to agree that Mr Andriessen and Mr Mac-Sharry should be given the lat-itude to start exploring a deal on farm reform and for Pend on farm reform. And for President George Bush to talk Mrs Hills that the US cannot afford to lose a services agreement over its maritime lobby



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But in the current gloom in Geneva few negotiators believe that, when they resume in September, they will be any further forward than they are s centur

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FINANCIAL TIMES FRIDAY JULY 12 1991

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FT SURVEYS

ELECTORAL REFORM

Labour examines voting alternatives

By Ivo Dawnay and John Willman

PUBLICATION today of the Labour party's report on electoral reform will end years of opposition to changing Britain's first past-the-post sys-tem and gives a clear hint in favour of changes to elections for regional assemblies, the European parliament and a reformed House of Lords.

But on the crucial issue of the House of Commons it remains neutral, examining but not endorsing, possible alternatives in a way that leaves reform proposals open until the party reaches its final conclusions next year.

The working party, set up almost a year ago under the chairmanship of Professor Raymond Plant, insists different systems may be appropriate for different legislative bodies. But the 209-page report also

embattled

Lloyd's

chairman

By Richard Lapper

terday's AGM.

of its business.

failure by Lloyd's to anticipate the size of its trading losses

early enough would have been a "recipe for disaster for an industrial company." He went

on to question the degree to which Lloyd's was in control

Expenses were still too high

suggests strongly that the constituency link between MPs and voters is desirable for the House of Commons. This apparently all but rules out the system preferred by the centrist Liberal Democrats' - the Single Transferable Vote – which calls for large multi-member consituencies where voters list their preferences

Instead, the working party, representing a broad cross-section of Labour opinion, appears divided between supporters of three options: First-Past-The-Post (FPTP), the Alternative Vote (AV) and the Additional Member System (AMS). But in both the last two

numerically.

cases it expresses reservations and raises questions. AV, a version of which is used in France, allows voters to num-

ber their preferred candidates, eliminating those with the lowest votes until one gains an outright majority. But, the report points out, it fails to deliver a strictly pro-

portional outcome. AMS, used in Germany, combines current voting practices with a party list from which MPs would be elected in proportion to the total votes casts. The report raises the awkward issue, however, of minority parties being able to bring down governments by switch-

ing allegiances.
Underlining that any system is imperfect, the Plant report makes clear that its final recommendations, due next year, must be made by evaluating and balancing different

In a key concluding section,

it states: "Fairness involves being fair to something. Different electoral systems will rank these differently. Invoking an unquisified idea of fair-ness will not take us very far." Then it adds: "There is no ideal electoral system which

can be defended without leav-

ing some questions unre-

In spite of its hard fought efforts to see all points of view, the report will, nonetheless, encourage the proponents of change. An official of the fast growing Labour Campaign for Electoral Reform described the movement as "unstoppable"

The report means there is no longer the unconditional support for first-past-the-post that we have had in the past," she said. "It sends the debate

onto a new phase."

Opponents of change are also rallying their forces. Last night, Mr George Foulkes, the Labour MP, issued a document outlining the case against reform, emphasising the impo-tance of the MP-constituency link But Mr Nell Kinnock, the Labour leader, is expected to give the preliminary report a

Publication of the report brings the issue of election brings the issue of election systems to the political stage.

Many supporters and originants of change believe that, such is the thoroughness of the Plant report, Labour may feel obliged to put the issue to a Speakers' Confedence or a Royal Commission even if it wins the coming election by an outright majority. outright majority. Editorial Comment Page 15



Under pressure: David Coleridge fields questions at yesterday's annual general meeting

properly qualified, added Mr Shaw. Although competition would

gradually reduce the number of agencies and syndicates at Lloyd's, "it really needs much more than the marketplace," said the industrialist.
Mr Coleridge said he was

and there were too many "substandard" underwriters and hopeful that the market's task agencies. There was ample eviforce set up to review the pres-ent structure, and staffed by dence that many people

senior market figures, would rectify many of these deficien-

The task force, which is meeting most weekends, will issue recommendations before

the end of the year. Mr Coleridge said that he had no doubt that the Council, the market's governing body. would "carry out reforms." Mr Coleridge admitted he was "terribly worried" by possible shortages of capital. As many as 5,000 Names are expected to leave the market in the coming months. Capacity could be reduced from its present level of \$11.4bn to £10bn, according to Lloyd's. "I'm conscious we may be

short of capacity. We will find it difficult to accept all the business that will be available

next year," Mr Colerige Lloyd's has been shake its latest results which his seen many of its financial backers suffering large losse. The Names can rely no-mally on profits but have been hit by the spate of disasters recent years, such as the Pip Alpha oil rig fire and Hur

By Philip Stephens, Political Editor

THE GOVERNMENT signalled yesterday that it may modify planned cuts in the size of the army to try and placate grow-ing criticism within the Tory Party of the scale of the pro-posed reductions.

Mr. Tory King defence segre-

Mr Tom King, defence secre-tary, was said by aides to be considering a small increase in the number of infantry battalions which would survive the cuts outlined in the strategy. Despite criticism this week from Tory MPs, Mr King has indicated that the army's over-all manpower must fall by the original target of 40,000 to

116,000. He is said, however, to be ready to consider lifting by "one or two" the ceiling of 36 on the number of battalions which would survive. Mr King is also facing

strong pressure from both Mr Ian Lang, the Scottish secre-tary, and Mr David Hunt, the

Welsh secretary, to ensure that long-established regi-ments in Scotland and Wales do not fall victim to the cut-

Mr Lang and Mr Hunt are in turn reflecting deep anxieties among Tory activists about the possible disbandment of regiments such as the Gordon Highlanders and the Royal Welsh Fusiliers. Mr King appears confident

that the more moderate Tory critics of his strategy - including Mr George Younger, his predecessor as defence secre-tary - can be placated before he unveils final details later this month. Some backbenchers, how-

ever, are still insisting that they will vigorously oppose the cuts as likely to leave Britain with inadequate forces to meet its overseas commit-

Proposals to cut army | Post Office seeks pay freeze size may be modified | for 13,000 parcel employees

By Diane Summers, Labour Staff

arm of the UK Post Office, is attempting to freeze the pay of all its employees for 10 months as part of a plan to pull itself back into profit after heavy losses caused principally by

the recession. It is believed to be the first time that an employer in the UK public sector has tried to freeze pay. The Confederation of British Industry (CBI), repre-senting the country's employers, estimates that about one in five organisations in the private sector has frozen or

Office announced that Parcel-force incurred a loss in the last financial year of £75m. This contrasted with a £171m profit by Royal Mail, the Post Office's

delayed the implementation of pay increases because of the economic downturn. Earlier this week the Post

said it aims to break even by the end of this financial year and move into profit by the Post Office management said

yesterday that it was still at an early stage in negotiations with unions representing Par-celforce's 13,000 employees. Although the pay freeze has been rejected by unions, reaction has been low-key. The Post Office pointed out

that Parcelforce is not alone in the distribution industry in having suffered during the A Post Office spokesman said: "we have told the unions

that we would be looking for a temporary pay pause for all our staff, and that includes all

PARCELFORCE, the parcels letters arm. Parcelforce has money through incentive schemes which would not be affected by the pay pause, the

Post Office said. Mr Terry Deegan, general secretary of the Communication Managers' Association which represents about 1,500 middle managers and first-line supervisors within Parcelforce, said staff were "prepared to rise to the challenge" pres-

ented by the recession. A significant proportion of the company's losses, however, were due to problems in the accounting system which had had to be rectified this year, according to Mr Deegan.
The Union of Communica

tion Workers, which represents the bulk of blue-collar workers within Parcelforce, is believed our managers." to be facing the prospect of a Most employees also had the opportunity to earn extra its history.

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Index provides clearer guide to economy

Rachel Johnson examines why analysts are expecting a further fall in UK inflation

NLESS today's retail prices index (RPI) for June is overshadowed - as many expect - by a cut in UK interest rates, it should be the economic event of the week.
It will be the first RPI for

months not to be heavily dis-torted by one-off factors, such as the changes in value-added tax, reductions in mortgage rates, petrol prices and the controversial poll tax.

The RPI's sensitivity to underlying inflationary pressures in the economy has been diminished so much by outside factors that Mr Norman Lamont, the UK chancellor, has called the index meaningless. The June index is still expected to benefit from seasonal price discounts in the summer

sales - trimming off 0.2 per cent - and the last of the mortgage rate cuts by home loans and savings institution. This will shave 0.1 per cent from the index, which will be fully offset by rising electricity But these factors are not

expected to cloud the clearer picture of UK inflation which the June index should provide, and, all told, the index is expected to fall to 5.6 per cent from 5.8 per cent in May. Coming after Tuesday's producer prices, and yesterday's decision by the German Bund-

esbank not to raise its rates.

the markets are confident of a cut in interest rates. Activity data such as the next retail sales figures should justify Other important inflation

measures should also move downwards. The measure excluding mortgage interest payments (the Treasury's favourite) is expected to fall 0.1 per cent to 6.5 per cent.
With UK inflation falling it has tumbled from 9.0 per cent in January - several more questions are now being

raised. How far will inflation fall, and what level of inflation should government aim for? No-one doubts that the Treasurv will meet its inflation target of 4 per cent by the fourth quarter of the year. This should save £750m, as the Treasury initially budgeted its indexed social benefits spend-ing on the assumption of 5.5 per cent inflation in the year to

In fact, the Treasury is likely to undershoot this year. Greenwell Montagu, the investment bank, forecasts the RPI will average 3.6 per cent by the fourth quarter, after a low of 3.2 per cent in October. Green-well Montagu adds that the corresponding German infla-tion figures will be 3.9 per cent

and 3.5 per cent respectively. There is a growing view that the government will stop there, rather than battle on towards



John Major: hoping for improved economic figures

zero inflation. Last week, Mr Lamont refused to commit himself to a target of near-tonil inflation over the next three years. He had good reason. In 1986, a year when the RPI averaged 3.4 per cent, Mr Lawson promised to eliminate inflation in the next parliament. His pledge turned out to be a hostage to fortune - the RPI averaged 9.5 per cent four

According to some analysts, the UK should concentrate on undercutting German inflation rather than aim simply for zero inflation. According to Mr Roger Bootle, of Greenwell

Montagu, a 2 per cent increase in the RPI is consistent with an "underlying absence of inflation". Additionally, mov-

with a greater impact on unemployment and output -than reducing inflation to 8 per cent from 10 per cent.

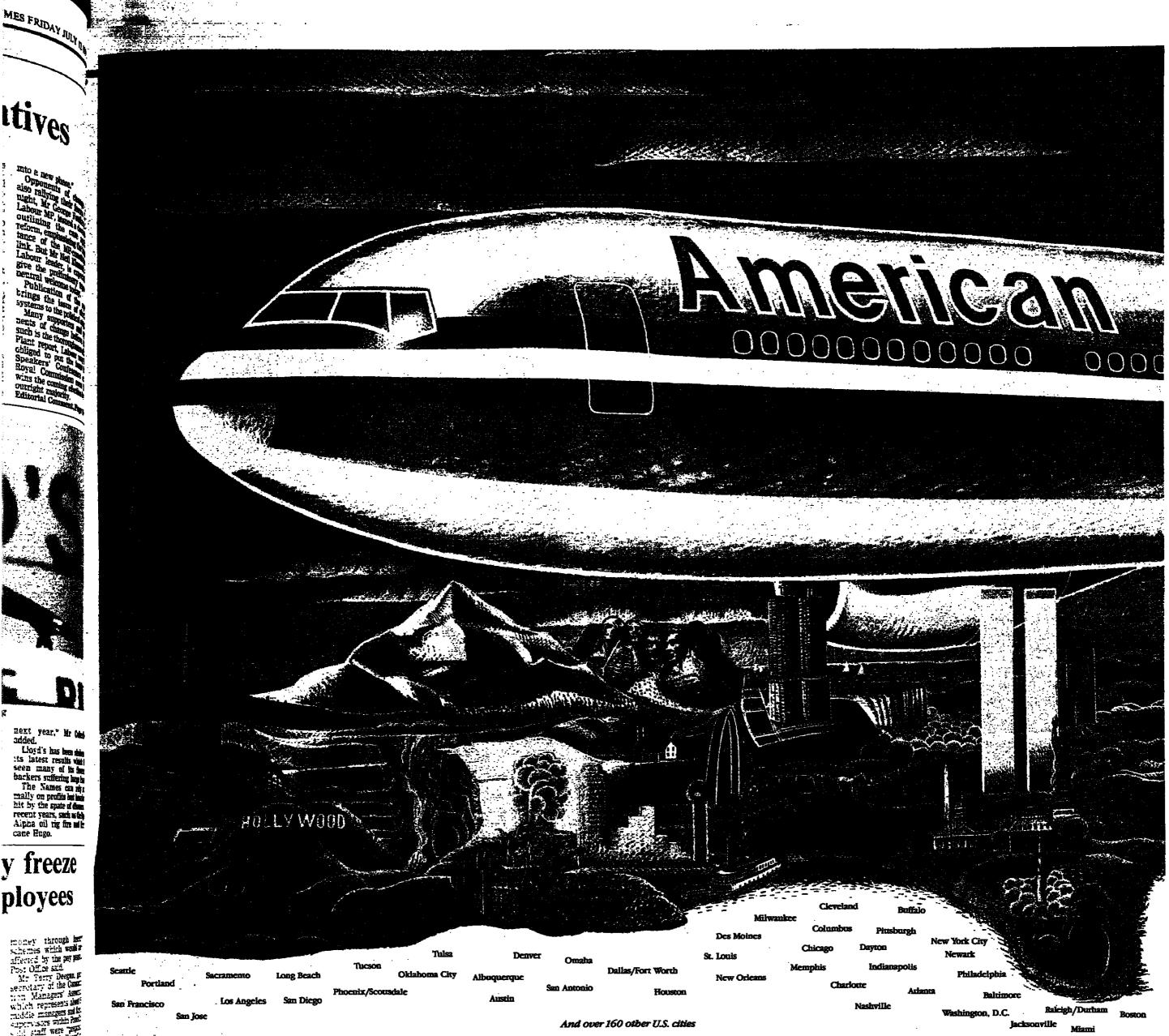
The government appears sensitive to this. "Recovery is much more important than inflation at this stage in the economic and political cycle," says Mr Alan Davies, economist at Berclays. But the government seems

unlikely to consider the infla-tion battle won until it has per cent for years, not months. Mr John Major, the prime min-ister, says he "hates" inflation. But there are more immediate factors at play, as the electoral implications of inflation are

There is still a slim chance of a consumer-led recovery this year if inflation carries on falling and pay rises average around 6 per cent. Mr Lamont could do well to heed Mr Walter Eltis, director general of the National Economic Devel-

"No government that has significantly raised the rate of inflation has been re-elected," he says, "while four govern-ments which reduced inflation, or stabilised it, have been re-elected." On the dozen RPI days left before the election. expect to hear much more about the government's infla

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Appeal Court

clears company

Smiths Concrete, a ready-mix concrete company, has been cleared in the Appeal Court of breaching a court order preventing it from entering price-fixing agreements. A \$25,000 fine was also quashed.

Lonrho issues writs against store group

By Robert Rice, Legal Correspondent

LONRHO'S long running legal battle to wrest control of House of Fraser (HoF) from the Faved brothers took another bizarre turn yesterday when the international trading con-glomerate issued new writs against the owners of the

stores group alleging conspir-acy to injure. Lonrho claims the Fayeds were behind a five-year cam-paign of vilification waged against Mr Roland Tiny Row-land, its chief executive, by a Miss Francesca Pollard.

The alleged conspiracy to destroy Mr Rowland's reputa-tion came to light at the end of June when Miss Pollard made a public apology to Mr Row-land and told him that her

HE Transport and General Workers Union, Britain's largest, has a wide membership. Its 1.25m members include Mr Neil Kinnock, the Labour Party leader, and Mr. Bhill Spillers Men.

and Mr Phil Griffin, from Man-

chester. The two men have dif-

ferent ideas about what a

Labour government should do if it wins the next election.

Mr Kinnock's views carry

rather more weight in both the union and the Labour Party. Yet Mr Griffin managed to

cause a few flutters among the leaders of both this week when

he persuaded the union's hien-nial conference in Blackpool,

north west England, to commit

the union to boycott the gov-

ernment's Youth Training

scheme.

Despite the limited practical

effect of this vote, the issue was immediately raised in the House of Commons by Mr

Michael Howard, the employment secretary. As Labour's biggest financial backer and wielder of the most votes at

the party's annual conference, the TGWU retains a unique

ability to embarrass.

The spotlight has been on

Blackpool this week as minis-ters tried to force home an

attack on Labour's links with

unions. Yet the TGWU has proved a more difficult target for criticism this week than throughout much of the 1980s.

Its profile was high for three

reasons. Firstly, the union's

activities had been funded by the Fayeds.

The writ against the Fayeds and 13 other defendants including a number of HoF directors Broad Street Associates, a public relations company, and two firms of solicitors Kingsley Napely and Palmer Cowen, claims damages for conspiracy to injure and an injunction in connection with the five year secret campaign against Mr

Lonrho alleges the Fayeds became involved in Miss Pollard's campaign after she wrote to Mr Rowland in June 1986 challenging him about Lourho's purchase of her late grandfather's assets after the collapse of his business. Her grandfather was the chairman of the Israel British Bank which crashed in the 1970s. Following his death Miss Pollard waged a campaign against a number of prominent

against a number of prominant City figures including Mr Ger-ald Ronson, head of the Heron Group, who she believed were responsible for depriving her of her proper inheritance. She passed a copy of the letter to the media and to other public figures including the Fayeds. Lonrho alleges that the Fayeds seized on this opportunity as a way of pursuing its battle with Mr Rowland over the House of Fraser takeover, offering to fund her campaign in return for being able to direct it. Lonrho alleges among

Wind of change flutters through union

other things that Mr Mohamed Fayed paid her initially £1,000 and subsequently £2,000 a

Miss Pollard has already admitted publicly that between January 1987 and January 1991 she went regularly sometimes as often as three times a week to see Mr Mohamed Fayed to receive directions from him as to what she should do to further her campaign.

of the Trade and Industry Select Committee, witnesses and other innocent people involved in investigating the 1985 takeover of House of Fraser were also subject to vilification by documents which Lonrho says included the use of over 30 forged signatures. Mr Michael Cole, House of Fraser's media director, dismissed the new writs yesterday as just another stage in the "longest whinge in British commercial history." If and when the writs were served they would be defended vigor-ously, he said.

ously, he said.

Two weeks ago in a separate legal action Lonrho was given leave by the House of Lords to proceed with a damages action against the Fayed brothers and Kleinwort Benson their merchant bankers for alleged trandplant missenessentation. fraudulent misrepresentation and conspiracy to injure dur-ing the 1985 takeover of the stores group and its flagship, Harrods.

continued a process of healing that started at the 1989 confer-

ence. Perhaps the most notable change has been an internal one, from which policy changes will eventually spring. That is a distinct slackening of

That is a distinct slackening of tension between right and left.

Mr Morris has had a good week at the conference. He has tried to start his period of leadership forcefully: appealing for unity and saying there must be only "one agenda" under his leadership.

The factor which has altered least is the union's size and influence. Even here, a change

has taken place since the last

TGWU conference. That was

followed three months later by a switch to multilateral disar-

mament at the Labour confer-

BRITAIN IN

MoD seeks new attack helicopter

The Ministry of Defence will buy a new attack helicopter for the army "towards the end of the decade". Mr Alan Clark, defence procurement minister, said proposals for the "off-the-shelf" contract would be invited in the first half of

next year.
This follows the collapse late last year of a collaborative programme to build a light attack helicopter, involving the UK with Italy, the Netherlands and Spain.

Leasehold law to be reformed

Under the new system long-leaseholders will have the right to buy the freehold of the property at market value provided a majority of existing tenants and other long-leasholders in the building agree.

ence which showed the TGWU's 1m block vote did not Volkswagen to rule.
Yet the publication of a poll disclosing public doubts about Labour links with unions means the TGWU's relations with the party are still a diffi-cult issue. The long term importer of Volkswagen and Audi cars, said that the lower prices would apply until the end of August. It is the fifth major changes to party policy-making reducing union block votes at Labour's conference are still in

the total new car market.

International

become president-elect in September of the Liberal International, which links Liberal parties around the world. He will become president in 1993.

Scottish paper

Mr David Murray, the Scottish businessman who controls

club, announced that Sunday's edition of the Sunday Scot will

be the last. The popular paper was launched in March but never really looked like

Ombudsman is

Mrs Jane Woodhead, 37, is to become the second Building Societies Ombudsman from

1 August. The post has been

complaints by building society

customers. The number has

trebled since the scheme was

North Sea field

given approval

EE Caledonia, the company formed by Elf Aquitaine, the French state-controlled oil

group, and Enterprise Oil, the UK group, to operate joint North Sea assets, has received approval to develop the Chanter oilfield.

created because of growing

hitting its circulation or financial targets.

appointed

Glasgow Rangers football

to close

The government is to propose reform of England's antiquated leasehold law, replacing it with a system of common-hold, similar to those operating in

the US and Australia.

drop car prices Volkswagen joined in the UK new-car price war, amouncing price cuts of up to £1,000 on its Golf, Jetta and Polo ranges. VAG (UK), the Loutho-owned

manufacturer or importer to make such cuts, following Flat, the Italian car maker, an UK, Ford and Vauxhall. The five makes together account for just over one half

role for Steel

Sir David Steel, former Liberal leader, pictured above, is to

Waste of is dumped

Motorists servicing their cars illegally dump 40000 tonnes of waste oil everyyear, according to a governme survey. Only 7 percent is properly disposed of but if it was collected and reprocessed it coult be used for industrial applications.

Greater use of debit cards

Payment by debit cards – plastic cards which dake payment straight outpf a payment straight other a customer's account -rose by 18 per cent last year it the UK. Last year, the two UKdebit card systems, Switch and Visa, handled about 500,000 transactions a day.

British Council

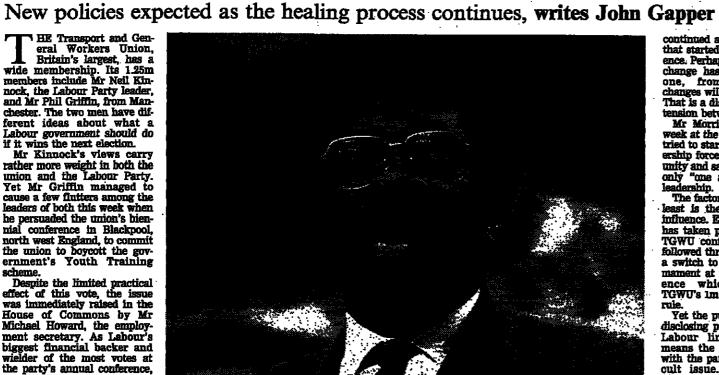
chief selectel A director of the Bank (England, Sir Martin Jacob) will be next chairman ofthe British Council. Sir Marn, 61, who is also chairmann 61, who is also charmain:
Barclays de Zoete Wedd, vill
take over next March. Th
council, largely funded bithe
Foreign Office, promotes he
English language and Brish arts overseas.

Lecturers' pay offer increased

University lecturers had the pay offer increased to 6.1 per cent from 5 per cent. This is in line with recent public-sector offers, but significantly below this year 9.5 per cent rise for teachers.

Baker turns over new loaf

Hovis will break its 101-year-old tradition of baking brown-only bread from Monday when it launches its first white loaf.



Appeal for unity: Bill Morris has made a forceful start to his leadership of the union

size and traditional links with Labour. Mr Bill Morris, elected as the next TGWU leader, made this explicit yesterday in one debate: "This union will never part company with the Labour party, because we are the Labour party". Secondly, the union's divi-

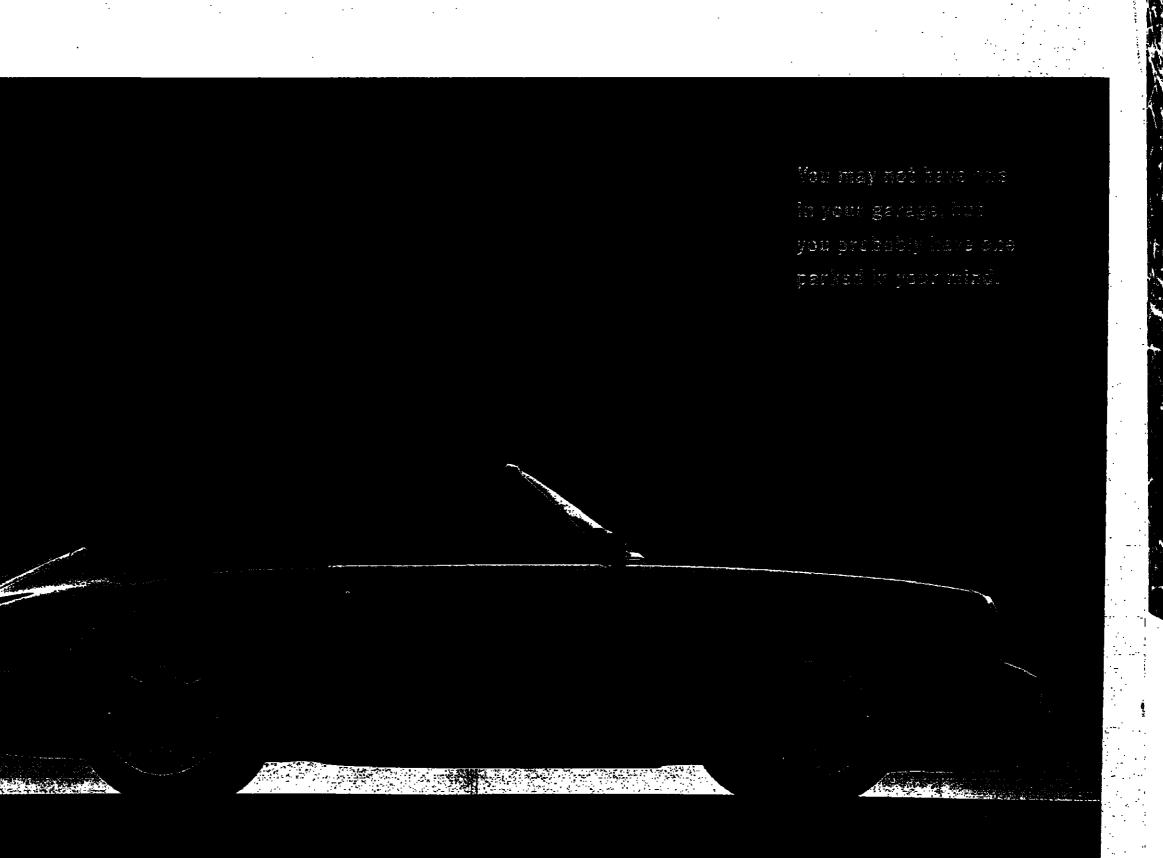
sions with the party on issues such as nuclear disarmament. When the TUC debated policy on union law and pay policy, the TUC played a leading rule

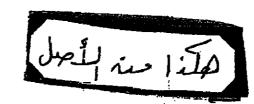
The third reason was the union's instability. The internal warfare between its left TGWU has this week largely

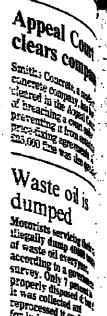
and right factions culminated this year in the sometimes bit-ter leadership election campaign between Mr Morris and Mr George Wright. Mr Morris won and will succeed Mr Ron

their early stages.

Mr Morris yesterday tried to set out how the union would expect to be treated by Labour. He insisted the two would work in partnership: "We do not want to run the Labour party, we just want to influence it," he said.







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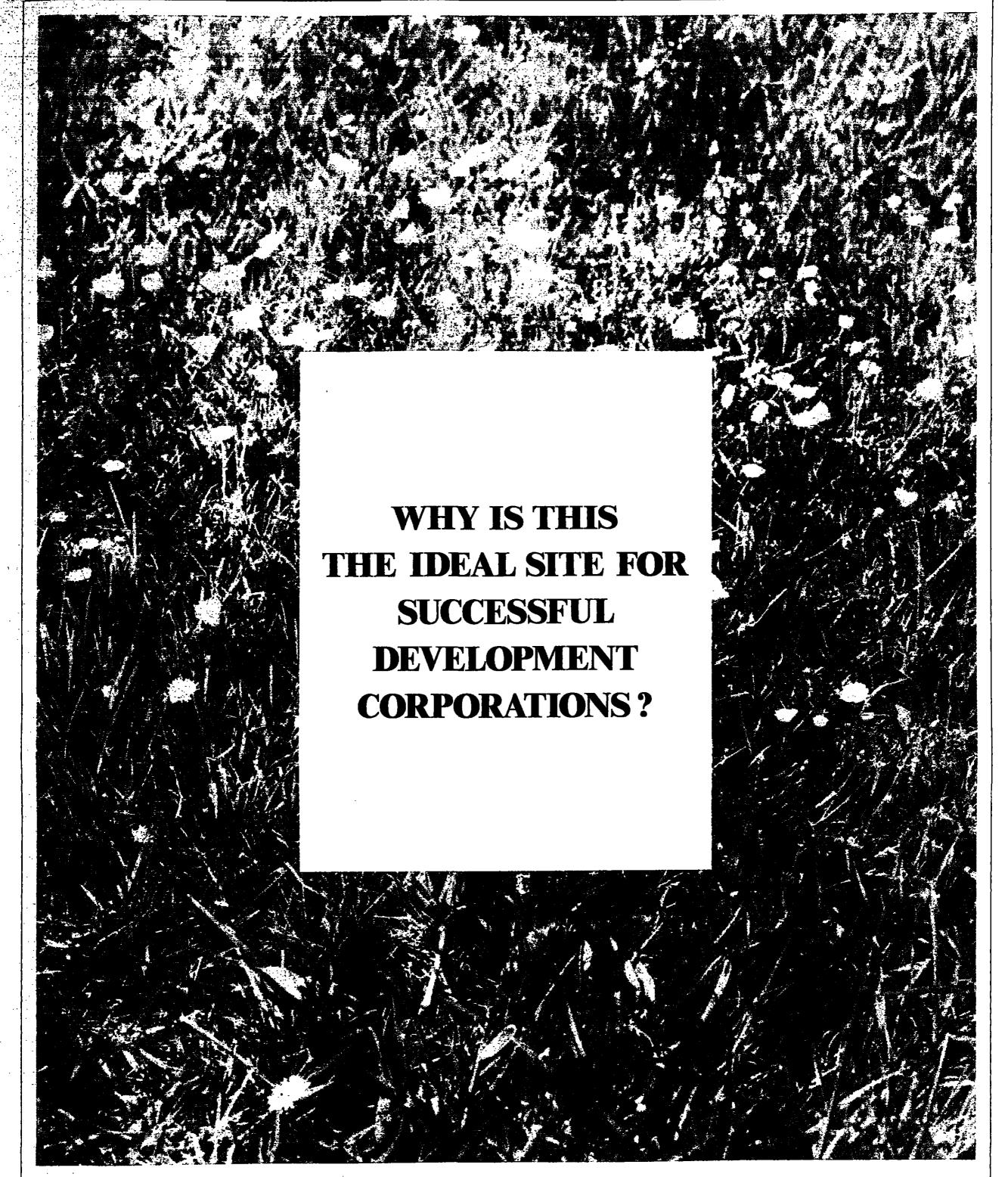
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"Source: BMRC Businessman Survey 199

English Estates puts its faith in the market

By Chris Tighe

AFTER more than half a century working in areas shunned by the private sector, English Estates, the government-backed industrial and commercial property developer, is now offering investors the chance to buy chunks of its £400m portfolio.

The sale this month of some £53m of modern industrial estates is a watershed for England's biggest industrial landlord in its attempt to marry its traditional public agency role with a more commercially-ori-

Yesterday at a London hotel Allsop, the auctioneer, staged the first public auction of English Estates property raising £840,000 for the agency in the morning session alone, thanks to keen bidding for all the first five English Estates lots. The auction, which contains 36 English Estates industrial pres-mises at asking prices totalling £15m, continued yesterday afternoon and resumes on Monday. went) Investors have until mid-July to submit hids to regional agents for four portfolios of modern industrial estates developed by English

Estates in assisted areas of north and south-west England over the

last 20 years. The sell-off, the first concerted attempt by the agency to dispose of its buildings to investors, is in line with the announcement made in April 1990 by Mr Nicholas Ridley, when he was trade and industry secretary, that it should sell its DTI-

However Mr Tony Pender, the chief executive of English Estates, says that even without Mr Ridley's decree he would have started this year selling the portfolio, English Estates' biggest ever, to investors. The aim is to generate income to plough back into development, and to avoid having to seek a grant in

aid from the government.

But the possibility that government money can be secured to maintain this year's development programme, if sales of property prove unexpectedly disappointing, means that English Estates will maintain a tough stance on prices.
"Bargain-hunters need not

apply," says Mr Pender. "It's not

CAPITAL GROWTH (%)									
	Retail	Office	Industrial	All Properties					
ar to May 91	- 10.2	- 15.8	-9.7	- 12.5					
enter to May 91	-1.6	-3.9	-1.1	-25					
onth of May 91	- 0.3	- 1.0	-0.1	0.5					

our intention to undermine what we've been doing for 55 years by selling willy-nilly." Chean sales of property, he argues, would reduce values in precisely those areas where the agency has tried to strengthen the market so that the

The units now being sold were identified a year ago, and their tenants were offered the first chance to buy, at undiscounted prices. A sec-ond tranche, countryside properties built for the Rural Development Commission, has already been earmarked for sale in the autumn. Properties which could be sold as investments next year have been provisionally selected too. In spite of the recession, Mr Pender is confi-dent that there are plenty of inves-tors, ranging from private individuals to large companies, looking for opportunities. Advance interest has been good; Sanderson Townend and Gilbert, the agents selling the fnorth-east portfolio, which has been valued at more than £12m, have received 600 requests for bro-

Mr Pender's faith in the market seems justified by the success of yesterday morning's auction. The properties, including two units let in the late 1970s on 99-year leases each attracted between six and 25

investments if the yield and the quality of the buildings are right," said Mr Duncan Moir, a partner in Allsop. "I think people know English Estates are a good landlord, they have built good-quality build-

ings and they have been careful about the quality of tenants." Inves-tors also like the idea of something which has never been on the market before, he added.

Even after substantial sales to tenants in recent years English Estates has plenty of scope in choosing assets for disposal it currently owns 7,000 industrial and commercial units of accommodation totalling more than 22m sqft in more than 600 locations from Ber-wick-upon-Tweed to the Isles of Scilly. In selecting properties to sell to investors it is trying to avoid creating piecemeal ownership on

estates where none currently exists. The four portfolios being sold this month through estate agents range from the north-east, which is the largestand generates £1.5m in gross annual rental, to the south-west, where seven properties, producing current annual income of £638,000, are being offered at more than 25.3m. The selling agents argue that relatively low average current rents

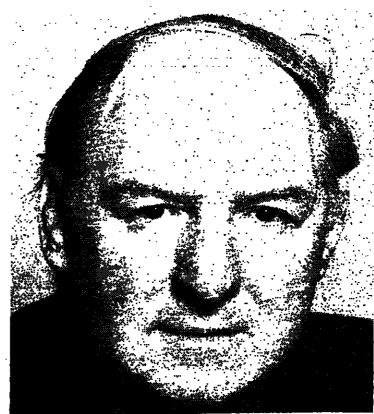
 in the Yorkshire and Humberside portfolio these are just £2.10p per square foot and in the north-east's only £1.73p - allow tremendous scope for rental growth. Capital val-

established in 1936, Mr Pender insists that its history is one of constant change in response to different market – and political –

where it is creating inner-city man-aged workspace in partnership with London Industrial, and at Chatham dockyard, in Kent, as evidence of continuing demand for its expertise outside the assisted and rural areas

where it remains very active.
Mr Pender's ideal would be for
English Estates to reduce its portfolio to about £200m and to borrow agency that is not possible. And moreover the government wants it to sell all its existing DTI-funded properties, preferably over the next few years, if market conditions are

"What is managerially convenient has nothing to do with the political reality," says Mr Pender. But English Estates' capital expenditure of 278m in 1990-91, up by £16m on 1989-90 and expected to rise in 1991-92 to £30m, suggests that the agency, even with a diminishing portfolio, will be filling a gap for



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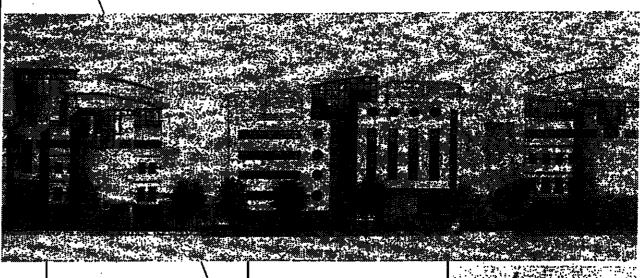
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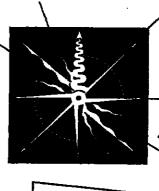
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ew managers of multinational companies operating in Africa welcome a summons to the presidential palace. The pleasure would be doubly dubious if your company had been a recent target for nationalisation, was on the point of a profits collapse that would leave its main tax sources and was planning to reduce sharply one of the country's largest work-

But when Mike Bates, the outgoing chief executive of Rössing Uranium in Namibia, dutifully arrived at President Sam Nujoma's Windhoek residence one night last April, he was greeted with the bouquets of a formal farewell reception rather than the verbal brickbats normally directed at what was one of the world's most vilified companies in the 1980s. For Bates, a British-born

mining engineer who had become widely identified with the company's fortunes, the night was a personal triumph. For Rössing and its UK parent, the RTZ mining group, it was vindication of a long-term strategy to prepare the com-pany and its culture for Namibian independence last year

under a Swapo government. The task was formidable. Swapo's election manifesto specilically called for Rössing's early nationalisation. And many Swapo officials had worked for years to isolate the company from its overseas

Harmony mined from seam of goodwill

Robert Corzine explains how a uranium producer prepared for Namibian independence under a Swapo government

markets through United Nations sanctions and an international public relations campaign which brought together the anti-apartheid and antinuclear lobbies in a powerful coalition.

"Throughout much of the 1980s, the range of comment about Rössing was extraordi-nary and mostly a pack of lies," says Clive Algar, manlies," says Clive Algar, man-ager of corporate affairs. But he concedes that the campaign was at times effective Consideration of allegations about Rossing was often top of

the agenda at RTZ's annual general meeting in London for much of the 1980s. "Even the briefing docu-

ments given to the United Nations force which oversaw the transition to independence contained blatant untruths about the corporation," according to Steve Kesler, managing director of Rössing Mine. Rössing's managers had met representatives from various

Namibian political parties since the early 1980s, including Swapo officials in exile. In 1989, however, they decided more extensive consultations would be needed if Swapo's perceptions of the company were to be changed in the run-up to independence.

"At first there was a degree of caution on Swapo's part," says Algar. "Many Swapo officials had been out of Namibia for a number of years, and they needed to see things on the ground. But we found them willing to listen to our mes-

Bates was one of the first Namihian businessmen to meet Nujoma when he returned to Windhoek and the Swapo eader made a point of visiting the remote mine, which in 1989 accounted for 26 per cent of Namiblan exports and 10.7 per cent of GDP. That visit and subsequent

talks with Rössing managers convinced Nujoma that the company had indeed planned carefully for its post-indepen-dence role and that it was serious about forging a partnership with the government. The formal element of that rtnership can be traced to the mid-1980s when RTZ set up the Capricorn Trust, into which it placed a number of Rossing "A" shares for the future benefit of the first UNrecognised government of Namibia. The shares represented 3.5 per cent of the com-pany's equity but carried vot-

ing rights at the AGM



na (top left): Rössing provided his Namibla of GDP and his people with practical training, such as dressmaking

cent of the total. The government was also guaranteed a seat on the board.

Intangible factors also played a part in influencing the politicians. Zedekia "Doctor Zed" Ngavirue, Nujoma's economic adviser, says he was "amazed" at the attitude of senior managers when he first joined the company as director

"There were people in top positions who did not have prejudices against majority rule. Some had experienced the transition to independence in Zimhahwe and were quite convinced at an early stage that Namibia would change." The company recognised that it would have to deal with

Ngavirue says the politicians

were also impressed by the company's philosophy that recognised the need to give a good return to shareholders but which also acknowledged the need for corporations to plough back something into the country in a practical way. The company has spent R32m (55.8m) over the past 12 years on the Rossing Founda-

Namibians (out of a population of about 15m) have completed courses ranging from farming skills to hair-braiding. David Godfrey, the Foundation's director, acknowledges that Rössing's decision to "spend some money in Namibia has bought it a hell of a lot of kudos, credit and brownie points". because we made it in Namibia

So pervasive is the presence of the Foundation in Namibia that one government minister recently described the company as "a well-known educa-tional institution that also dabbles in uranium mining"

Rössing managers fear that description may have more than a kernel of truth about it, as the company's success in managing the political and social transition in Namibia has not been rewarded by the market place. "Commercial prospects looked pretty good until last September," says Algar. But the optimism generated by the lifting of UN sanc-tions dissipated when it became clear that Swapo's for-mer benefactor, the Soviet Union, might dump uranium

"Nobody knows details of Soviet policy or the size of their stockpiles, but the threat

sed spot prices to a point ere they are uneco-nomic all producers, includ-ing the wiets," adds Algar.

Rössis response was a 25 per cent it in production as of April 1 ld 250 redundancies through threal wastage out of a total of 200 jobs. Production is likely the cut further later this year d more jobs will be shed over e next few years as

profits fall

profits fall

In 1990 pet attributable profit to R from Rossing was £9m compel with £18m in 1989. But ifficials concede there is littlekelihood of profits this year.

The strainfil also be felt by if the government it can expect little direct a revenue from the company inch last year accounted for a per cent of national tax redges.

And even the fissing Foundation, whose income was

dation, whose income was based on a pergrapage of the mine's profits, isseking commercial opportunies to under pin its finances.

"It could be 199 1996 or 1998 before the marketurns," says Kesler. But he bleves Rossing's social activin and government support viil not be undermined by auerity.

We must have list world expertise to compe and survive in the mark, but we must still transfer opertise to the people. We are ot spending money to soother social conscience...politic instabil ity would be much are expend 1 10[[S()]]

n the "post-industrial society" of the future, developed western nations will shut their nasty factories and make their living not through manufacturing, but by the clever creation of increasingly sophisticated (and clean) services. That was the conventional wisdom among

The realities of the 1980s seemed to have cured us of such arrant overstatement. At the corporate level, manufacturers discovered that it was hard to diversify successfully into services, and also that it was not impossible, after all, to create manufactured products with Japanese levels of productivity, cost, design, quality and service. Consider Xerox's revival, for instance, or the continued success of electronics manufacturers such as

At the macro level, government policymakers and economists (some, anyway) underwent a two-fold conversion. They realised that no substantial nation could trade by services alone, and that, in any case, the generation of successful new services is often closely associated with strength in manufacturing.

This is not just because new technology and products from the manufacturing sector spawn new services, and sometimes vice versa, but because manufacturing companies are often the leading-edge cus-

Hard logic deserts the pundits

Christopher Lorenz discovers some dangerous dogma about the future of manufacturing

tomers for all sorts of services. Yet now, in a clarion call which also has implications for other industries, US computer makers are being advised to dump their vast business in hardware, and specialise only in software and ser-

A long and bombastic article on "the computerless computer company" in the latest edition of the Harvard Business Review argues that by the year 2000 the most successful companies will be those that buy computers rather than build

Current American concern over Japan's aring capability in various electronic hardware markets - laptops, computer memories, supercomputers and so on - is misplaced, claim the authors, Andrew Rappaport and Samuel Halevi, two con-sultants based in Boston.

This competitive erosion is actually good news, they maintain; it will re-direct US computer companies' attention to what actually matters, which is the cre-

ation of real market value in computing. As hardware prices fall to commodity-like levels, say Rappaport and Halevi, the value of computers themselves is becoming marginal and the real value is being created by Microsoft and other non-hard-Ware companies

As with every exaggeration, there is a degree of truth in the consultants' argument. Some US hardware-makers, notably Compaq and also Apple and IBM, have (as the latter admits) been slow to recognise that the competitive balance in comp has been shifting for some time from hardware alone to its combination with market-driven software and services.

The need to catch up lost time is one of the main factors behind the Apple-IBM software (plus hardware) development alliance which was announced last week - and which, if it proves successful, will be a tough challenge to Microsoft.
At the same time, many manufacturers in the industry have become increasingly-

ready to buy in quite a lot of their hard-

ware while still focusing their own efforts closely on these components, product and systems where they can maintain an existing competitive edge, or construct one for the first time; Hewlett-Packard has done this in laser printers, for

To this extent, the two consultants are shoving needlessly hard at an open door. They are also setting up something of a straw man when they claim (exagger-atedly) that there is an implicit assumption in the US that a "true" computer company is one that manufactures systems hardware.

But their prescription is also danger-ously misleading – not just because of its failure to recognise the relationships between manufacturing and services, but also on purely practical hardware

In a giveaway sentence, they say that "so long as companies have reliable supplies of hardware — and this seldom ans the most advanced hardware -

there are fewer advantages and a growing number of disadvantages to building it... The reality is frequently the exact oppo-site: that immediate access to the most advanced hardware can be crucial to a computer (or electronics) company's com-petitiveness, especially in relatively new product categories.

In such a fast-moving industry, where

product lifecycles can be as short as six months, it is often in the first few months that most of the profit is achieved — together with the distribution access and market reputation which gives the initial supplier a reasonably sustainable advantage once rivals move in with similar

roducts, and prices start to slide. It is, to say the least, facile to argue, as It is, to say the least, facile to argue, as Rappaport and Haleyi do implicitly, that Japanese, Taiwanese and Korean companies will supply the very latest hardware to all comers just as quickly as they build it into their own products.

This readiness may exist on the part of a few semiconductor suppliers at present

 especially where they have special sort of design relationship with one or two customer companies — but at right across the board of electronic halware. The article's implied suggestin that such open generosity does exist ill create paroxysms of laughter in okya,

Taipet and Seoul - and, one must bpe, in Silicon Valley. If Rappaport and Halevi were trapply their argument to the motor indstry, they would presumably be tellig the world that American (and Europear) car manufacturers should give up theircom-petitive battle against Japan, shoul buy all their hardware cheaply from Toota, Nissan and Honda, and should beome

mere distributors, service agents and garage attendants. Just as the Japanese are already 10ving into computer software and serves (through Fujitsu's acquisition of ICL for instance), they are already getting increasingly active in car distribution and

service — as Rissan's epic struggle to id itself of its long-standing UK distributed demonstrates only too clearly. Headlong flight of any sort, including that advocated in the HBR article, is a sustainable strategy for only one thin:

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* HBR July-August 1991. Reprint Iv

TECHNOLOGY

Global medical images

etting a second opinion is common enough in medical circles, but the doctor consulted usually resides in the next room, not

the next country.

But the Telemed project —
part of the EC Race programme — could result in medical images being transmitted over phone lines for consulta-tion between doctors in hospi-

tals throughout Europe.

"My dream is to phone up a professor in Edinburgh and say 'What do you think of this image?'," says Jean-Louis Lamarque of the medical imagery department of Montpellier's Hôpital Lapayronnie in southern France. southern France.
His department is responsi-

ble for setting up one of the first databases of medical images. By the end of September around 1,000 mammographs will be stored in a digi-tal format on an IBM 3090 machine in the hospital, categorised according to different types of disease. After that researchers will have to com-plete a statistical analysis to calculate the prevalence of the Ilmesses in women of different ages and racial groups.
That is just the start of the task, says Robert Beribos, pres-

ident of computer company Bytech, which is doing much of the computer work on the project. Technically, there is the need to get higher-resoluthe need to get images. At the moment there are 1,024 pixels, or pic-ture elements, in each image, but Beribos believes there needs to be double that in order to capture the minutiae of information needed to make

a more accurate diagnosis.

But the problems in setting up the database are not so much technical as cultural. To begin with the researchers found difficulties in standardising the language to be used.
"The morphology is curious," says Lamarque. "For example a tumour in the UK is different from a tumour in France.' Then there are developments

increased awareness of what constitutes the first stage of a tumour, which change the clas-

in medical knowledge, such as

omputer maker ICL is looking for a new cleaner, whose job will include, among other things, vacuuming the company's new rose-coloured anti-static carpet. The unusual part of the job is that the car-pet is fitted not in an ICL office block, in Manchester or Lon-don, but in a Cheshire salt mine, some 200 metres underground.

Qualifications for the posi-tion will include a head for heights: the successful candi-date will have to travel by lift down the mine shaft armed with a hard hat, battery-operated light and breathing equip ment - as well as the traditional mop or brush. ICL, now owned by Fujitsu of Japan, has lighted on the UK's only working salt mine as

the most suitable environment for testing its machines for electro-magnetic interference. EMI is emitted from all electrical and electronic equipment. EMI is most generally recognised as the interference on television screens caused by old-fashioned electric drills or food mixers. But on a more serious note, EMI has disrupted railway signalling, sat-ellites, electronic petrol pumps and during the Gulf conflict caused an electronically-con-trolled missile to fire off acci-

Tough new European legislation on EMI will come into effect from January 1992 -although delays in producing the specifications will give manufacturers a year of grace before they are prosecuted for failing to comply to the stan-dards. The challenge for manufacturers of large or compli-cated equipment, such as ICL, is that the restrictions will apply to all products sold after the EC deadline - not just products developed after that date. Many such products are already on sale or, at least, on

the drawing board. The regulations are tough enough - EC countries will become the only ones in the world where equipment will be tested for susceptibility to noise from neighbouring equipment as well as for the radiation it itself emits. But the difficulties are compounded because the actual environment in which testing is carried out is becoming increas-

ingly difficult.
The problem is ambient noise: the stray emissions from broadcast antenna, local manur, which change the clas-ons.

Della Bradshaw

facturing industry, telephone
lines or - the worst culprit of
all - the mobile phone. As cellular phone operators try assid-

Della Bradshaw visits ICL's underground facility where it monitors electronic equipment

Salt of the earth



nously to ensure that their phones can be used anywhere in the country, in electro-magnetic terms they pollute more and more open spaces, points out Richard Livesey-Haworth, managing director of product operations at ICL. "As soon as we find a remote area of the countryside for testing, the mobile phone companies come along and pollute it."

This noise protracts the time taken to test equipment, as the operator has to determine which of the signals detected are emitted from the machinery and which are interference from other sources.

Each piece of equipment has to be tested at frequencies between 30 megahertz and 1 gigahertz, in bandwidth chunks of 120 kilohertz, says Ted Forshaw environmental test manager for ICL. The job is arduous and time-consuming and the ambient noise makes it so complicated that much of the work has to be done manu-

park at its West Gorton manu-

facturing plant in Manchester for testing prototype equip-ment, or the empty staff canteen on the same site on a Sun-day. But with tests for a single piece of equipment taking up to two days, the company had to look elsewhere.

A test facility underneath the West Gorton car park was considered, but would have proven expensive. And coal mines were ruled out because coal does not absorb electromagnetic radiation. Only the salt mine, still worked in Winsford by ICI Chemicals and Polymers - the salt is mainly used to spread on icy roads in winter - fitted the bill.

The glittery pink salt cavern was ideal because rock salt absorbs electro-magnetic rays, replicating the effect of the "open field" environment. And the size of the cavern - ICL has leased a site 3.5 miles wide by 2.5 miles long - meant there was abundant room to

house the test tent. In addition, because the site ICL has been using the car is away from the elements it can be used all year round. It

is easy, therefore, for ICL to ensure that that the temperature and the humidity are maintained in the long balloon of a tent which houses the test

equipment.
The only thing ICL had to do
to perfect the underground
cavern, which has not been mined since the beginning of the century, was to add fire-re-sistant polyurethane wedges. loaded with carbon to give the correct absorption characteris-tics, to the roof above the tent.

Although far away from the "scourge" of the mobile phone, ICL still had to ensure that its own equipment did not interfere with the testing. As a result the lights to illuminate the route to the underground tent are placed in the far corners of the cavern, and the specially designed computer room, where the ICL staff analyse the results, is carefully positioned behind a huge salt pillar. All connections to the outside world are by optical fibres, not

copper.
Inside the tent, a steel floor, which reflects any electro-mag-netic noise back into the room in order to give a maximum emission reading, separates the bunker where most of the test equipment is situated. Above floor level all the bolts and pegs are made of wood or fibre glass, not metal.

Because of the absence of

electro-magnetic noise the tests are easier to conduct, enabling computer software to do the job with little human intervention. The result is that the tests take about one fifth of the time to complete that they did in the West Gorton car park. Apart from the machine under test, which turns on a revolving floor, the vast tent is minimally furnished: a sensor to detect electro-magnetic se; a second machine which bombards electro-mechanical noise at the prototype computer; and a video camera which relays pictures of the machine to the ICL staff working beneath the steel floor.

Although ICL has spent £1m on the project it believes it has got a bargain. Building an indoor anechoic chamber, or a outdoor test facility would

The underground tent will be used to test all ICL-badged equipment and units from other companies which are sold as part of a total ICL product. Non-military equipment from other manufacturers may also be tested there: Livesev-Haworth says manufacturers already showing an interest.

have cost the company more, it

Radio frequency picks up the cali EXTENDING a company's

as when a company opens up a regional office, can be time-consuming and expen-sive, with the need to lease phone lines from the appropriate phone company. In the UK, manufacturer GPT, of Nottingham, believes it may have overcome the problem with a radio system which can transmit up to 256 simul-

private phone network, such

taneous voice or data calls. The Blacklite radio system is the first licensed by the Department of Trace and industry to operate in the mil-limetric radio frequencies, at frequencies up to 58 GHz. The digital system comprises two antennae - one at the transmitting end, the other with the receiver - which are wired into the company

As an alternative to a digital phone line, which transmits data at the rate of 2m bits a second, GPT believes the Blacklite could pay for itself in less than a year. Other uses for Blacklite could be for cable TV opera-

tors to offer phone services to large companies in their tranchise areas, or for new phone companies to quickly set up their own network.

Photos take film out of the picture

A WAY of capturing colour photographic images and transferring them directly to a newspaper or magazine's page make-up system, with-out using traditional photographic film, is now available in Europe. The electronic publishing

system from Sony, of Japan,

cuts out the time needed to develop the film, enabling publications to introduce photos at the last minute. The system comprises a Mavica camera, which takes photos on to a floppy disc. The disc is then inserted into a PC, so that the image can be manipulated.

Alternatively the digital mage can be transmitted over a phone line using a Sony DIH-2000P still image transmission system to a PC, Apple MacIntosh or Sony workstation.

The PC is connected to the page make-up system so that the image can be easily translerred. The one drawback, sava

cal be used for most publica-ficis, the quality is not yet good enough for the glossless

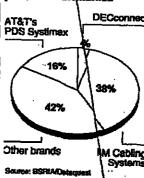
majazines. Wiring systems set to soar

DESTITE the recession in Euroje, the market for struc-turedoffice wiring systems to fini computers is expected to grow by 72 per cent by 1993, iccording to a report from the Building Services Research and Information Association (BSRIA) and iT consultants Dataquest.

Although the European market or such systems worth \$195.7m (£490m) in 1990, the report predicts it will grow to \$1.37bn in the next twoyears. Unshielded and screened wiring systems will be the winners at the expense if shielded cabling. The most striking feature

of the maket at the moment, says the hoort, is the varia-tion in technologies used in different cluntries. The country with the biggest market — worth same \$180m in 1990

worth sine \$180m in 1990 - is Germiny, where more than 90 percent are shielded systems. In both the UK and Scandinaviaunshielded wiring systems were the most popular. In Pance, on the other hand, to biggest selfers last year in the \$110m market were icreened systems. In Erope overall IBM cabling systems took 38 per cent of themarket.



Memory cards fali into line

ONE of the problems with the first pocket computers was that the memory cards used to introduce software pickages (as opposed to the floppy discs with desk-to PCs) varied from machine to machine. But a standard format now devised by the Personal Computer Membry Card International Association



WORTH WATCHING by Della Bradshaw

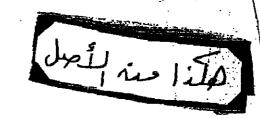
(PCMCIÁ) — to which everyone from IBM and Intel to Fujitsu and NEC belong looks set to change all that, The memory cards will be usable with both pocket

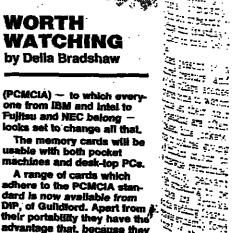
A range of cards which adhere to the PCMCIA stanachere to the PCMCIA stan-dard is now available from DIP, of Gulidiord. Apart from a their portability they have the advantage that, because they are made up of chips, not magnetic media, software applications stored on them can be run directly from the card. With floppy discs the program first has to be loaded into the machine, tak-

Swimmers dive into salt water

But Clearwater Controls, in Cowes, on the late of Wight, has developed an electronically controlled system which destroys the bacteria while making for a chlorina-free swim. The system relies on nothing more than minute quantities of salt dissolved

tem. As the water from the pool is passed over the plates a small electrical charge is passed through, producing chiorine gas from the salt. This kills off the bacteria, before turning back into sait.





15 THE WillONAL . ing up valuable memory.

TOO much chlorine in a swimming pools can result in watery eyes: too little results in the spread of bugs. **MEDAN**

1 -3°2- $\eta_{0_{N_A}}$ in the water.

At the heart of the system are electronic plates fitted into the pool's filtering sys-The cost to owners of domes tic swimming pools is £2,500.

Contacts: GPT: UK, 0802 430500. Sonr; Jupan, 3 3449 2244; UK, 0226 474011. BSRIA: UK, 0826 474011. UK, 0805 53950. DBP: 0465 301555. Clearwater Controls: UK, 0805 228396.

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Party games: the winner wears a paper crown for finding the bean in the cake in "The drinking king" by David Teniers the Younger

Peasants at play

Patricia Morison enjoys the Teniers the Younger exhibition at the Royal Museum, Antwerp

Royal Museum of Fine Art in Antwerp is celebrating the art of David Teniers the Younger with a magnificent exhibition. This is the first major show ever devoted to Teniers, whose death in 1690 brought down the curtain on Antwerp's artistic golden age. A dauntingly large selection of paintings, many lent by private collectors, pres-ent this genial and undersandring master at his very best.
Teniers's star has rather faded in this century, particularly if one thinks how hugely his little genre scenes were admired in the 18th and 19th centuries. One reason for his decline is that his art is short on the qualities which nowadays we most readily nire. Teniers was not one for high drama, sensuality, or psychological profundity. And there is not a lot of variety to Teniers - or rather, he produced an infinite series of variations on a small number

The exhibition takes us, decade by decade, through Teniers's career. At the end as at the beginning, there are the same old subjects; soldiers, monkeys dressed as humans (surely the least appealing subject in 17th-century art), grottos inhabited by hermits or saints. Above all, there are the scenes of Flemish peasants at work and play, with rather more of the latter. Here lies the real virtue of Teniers, as a painter of relaxed good fellowship. He had a talent for showing people delighting in each other's company, boisterous but not unbearably so at weddings and feastdays, or quietly intent on their beer

and skittles. The Teniers peasant is a od-humoured creature, and some of his village scenes the gentry even come to watch as the rustics let their hair down. The peasants are often jauntily dressed, blue jackets, red bonnets or bodices giving accents of brilliant colour to Teniers's otherwise restrained palette. Inevitably, peasant manners left something to be desired; there are drunks slumped at the wedding feasts, and Teniers was evidently fond of the motif of the man

This summer the urinating against the tavern

On the whole, however, Teniers was noticeably light-handed on the moralising aspect of genre painting, especially compared with especially compared with many Dutch artists who harped remorselessly on the evil consequences of giving oneself up to idleness and pleasure. Nor are his peasants obviously stupid. The village harber-surgeon who tends an old man's foot may in fact be a quack, but the composition looks more like a secular looks more like a secular image of human sympathy and devoted care. So many scenes of happy peasants, at the time when Flanders was being ravaged by the Thirty Years War, suggest that Teniers was deliberately looking on the sunny side. And that was surely the case when, from the 1650s, he was painting for the grandees of the Spanish court, grandees of the Spanish court, conquerors of his native land.
From the outset, young Teniers clearly possessed a strong sense of what the public wanted. One of the most intriguing paintings in the exhibition shows Teniers at the age of 25, seated at his easel. This was a subject popular with 17th-century artists but Teniers has made it into

something very different, a painting which we suspect could be subtitled, my brilliant career". Real paintings line his studio, many by artists he particularly admired such as his father, Adriaen Brouwer, and Rubens who was, moreover, his first wife's guardian (Teniers did not omit to make a very good marriage into the Breughel family.) His collection showed he had taste and it also advertised his wares, for like Rubens, Teniers dealt in paintings all his life. But it is not these grand history paintings and mythologies which have enraptured the two clients visiting the studio. They are lost in admiration in front of three examples of the young artist's skill - paintings which we actually see in the exhibition. They are propped casually against a chair, which

means it just so happens that Teniers's clients have to kneel

to inspect his work.
The young Teniers's bravado

Teniers has made it into

century later, we come to his famous gallery pictures.
Teniers by then was exceedingly famous. He owned a country house and had been awarded the right to wear a sword. He had gone to Brussels as court painter to the governor of the Spanish Netherlands, Archduke Leopold Wilhelm, and keeper of his fabulous collection of Italian Old Masters. Some of these came from the collection of his late majesty, the executed Charles I, and Teniers may have helped negotiate the purchase in England. He painted some ten views of his master's gallery, two of which are in the exhibition. In the later one, from Munich, Teniers blows his own trumpet by including portraits of his grandest patrons, Queen Christina of Sweden and Philip IV of Spain.

Rather admirably, Teniers also wanted to give something back to the profession which had served him so well. Leave some strength for the end of the exhibition, where you will find the splendid + Theatrum Pictorium + . This was the first illustrated catalogue, produced finally at Teniers's own expense so that artists could look at engravings of the archduke's collection which had by then been taken off to Vienna. He also obtained from Philip IV the permission and funding to set up an academy in Antwerp, ancestor of the present museum. One wonders what Teniers

would have made of the sad

fact that while this exhibition of his work is on, the superb permanent collection of the museum is not on view. Your choice is Teniers or nothing Worse still, the museum's ambitious programme of temporary exhibitions, stretching way into 1993 when Antwerp is Cultural Capital of Europe, means we shall be very lucky to glimpse the permanent collection at all. I am told the problem is that central government will not pay for the custodians. And so Teniers's museum, one of the great collections in the world, looks like becoming a collection of sleeping beauties. Something, surely, has got to

The Threepenny Opera

version of The Threepenny Opera has O'Caseyfied Brecht. Brecht's whores, thieves and beggars here speak in the broadest Dublin demotic. Cultural dislocation is ensured by retaining the play's London setting but placing the action

The Dublin audience seem amused, even flattered by the use of local argot though I doubt if any but the Dubliner born and bred managed a 100 per cent comprehension level. Words were reinforced by the words were reinforced by the visual joke of a beby carriage, trade mark of Dublin's street vendors, loaded up not, as usual, with bananas, but with a pyramid of artificial limbs. Set and costumes by Monica Frawley and Joe Vanek revel in 1950s bad taste. A bare black stage beneath strings of bare light bulbs is adorned only by an ugly clutter of '50s kitsch in one corner. We are never allowed to forget how unbe-coming were the fashions of the decade, particularly at whore/beggar level. The music, arranged by

and impeccable timing from an on-stage piano and harmo-nium. The small brass band, seated upstage, achieve exactly the right level of raucous noise. Ensemble singing is the great strength of this company, belting out choruses into the Gate's tiny auditorium at a volume that would fill the Earl's Court stadium unamplified. Director Patrick Mason is a

collaborator in the O'Caseyfication of Brecht. The result is soft-edged alienation lacking any threat of evil; Barbara Brennan's Mrs Peachum could have strayed into this production accidentally on her way to play the lead in *Juno and the* Paycock. Paul Raynor's Macheath is more like a suave bank swindler than the man responsible for the list of crimes enumerated in the Street Ballad of Mackie Knife (as it is called in McGuinness's version). The diminutive "Mackie" conveys some idea of the softening process which has crept into the Brechtian The production is almost

Frank McGuinness's new him with considerable verve ianne Faithfull as Pirate Jenny. You could have knocked me down with a kinky boot. My God, can she sing? She is right up there with the best of the post-Lotte Lenya chanteuses. Whatever she has done to achieve that raspy, husky, sound one is tempted to say it was worth it. She also has a commanding stage pres ence, strutting around in a crooked basque, a slightly blowsy middle-aged tart, but still as sexy as hell.

Anna Healy's spirited Polly Peachum makes full use of a gymnastically flexible voice. A strong supporting cast includ-ing John Olahan (Ballad Singer), Jim Bartley (Peachum) and Bosco Hogan (Tiger Brown) work hard against the odds. Dublin the 1920s was nothing like Berlin in the 1920s; O'Casey's Dubliners are a far more winsome bunch than Brecht's proletariat. Brecht and O'Casey were both great innovators in their own way, but this conflation merely



The Bolshoy Opera

After Onegin, the Bolshoy Opera on its Met visit pres-ented the two shows that it took to Glasgow last year: took to Glasgow last year:
Rimsky-Korsakov's Madda and
Chaikovsky's Maid of Orleans.
The former is a farrago of folklore, ancient rite, and ethnic
evocations; but, as Gerald
Abraham once said, "the episodes are handled so well, provided with music almost as vided with music almost as colorful as almost any that Rimsky ever wrote, that one is almost induced to overlook the pointlessness of it all."

The libretto had been cooked up ten years before as a spectacular pageant for joint composition by Cui, Mussorgsky, Rimsky, Borodin, and Minkus. Rimsky returned to it, after ten opera-less years, and set it all swiftly under the influence of his 1889 encouninfluence of his 1889 encounter with the Ring; the Wagne-rian leitmotif system, he said, greatly accelerated composition. He spent another year scoring it, with richness and, in the corny Cleopatra scene, exoticism. Wagner, Liszt, and Rimsky's own, enchanted, captivating inventions pass in

The Bolshoy production, by Boris Prokovsky, offered few. keys to understanding. No libretto was on sale. The syntivities are in full swing" had to cover the cosmopolitan mar-ket scene, Lumir's Song (no one could guess that she is a Czech come to implore aid against a German invasion), the mysterious and beautiful Divination by Horses, the Pro-cession of the Nobles, the Lithuanian and the Hindu dances. It was an arty, pretentious production, the main characproduction, the main charac-ters replicated by dancers, by lifesize dolls, by rag dolls tossed about, by children – and everyone dressed in white, which did not make identification easier.

By a straightforward yet sumptuously elaborate, brightly coloured presentation (much of this one was murkily lit), Rimsky would surely be better served. Prokovsky wrote of "channelling the complexities into a positive, dynamic, yet harmonized force" and tried to make of Mada something that it isn't. It was good to hear the music, in which inspiration for Stravinsky's *Firebird* is apparent. Elena Zaremba, the Lumir

(allowed just one verse of her song trebles sang the other two), was a singer it would be good to hear again.

The Maid – which the Bol-

shoy had never staged before - was another fancy, murky Prokovsky staging: the men of the chorus in evening dress, with red cloaks, ranged oratorio fashion on the unit set; the women in white, sporting long angel wings when they repre-sented Joan's voices (which Chaikovsky wanted invisible). Centerstage, Joan brandished an eight-foot sword; she and Lionel sang their duet from pop-up pedestals, one on each side. For her burning she was hoisted up into the flies on a hot-plate. When the Bolshoy came to

brought solid, convinced, Stan-islavsky-influenced, tradi-tional productions of Boris, Onegin, The Queen of Spades and War and Peace (also The Gambler and Molchanov's The Dawns are quiet here); and singers like Atlantov and Mazurok at their prime. This time they brought quirky, the atrically ineffective versions of Openin and the two "problems" Onegin and the two "problem" operas; and few singers who even aspired toward Imperial smoothness and eloquence.

grand-opera company today, is in straits financial and criti-cal. Many of the best Russlan singers and conductors have elected to earn money in the West. One feels sympathetic. Makvala Kasrashvili, the house soprano - the lead in *Mlada* and the *Maid* - has a strong voice and a big jolly presence and one rather warms to her even while flinching from her high notes. Oleg Kulko, the tenor of Onegin, Miada and the Maid, rings out surely at the top, even if he is a dull stick on the stage. Vladimir Redkin, the baritone of Onegin and the Maid, has a sure, handsome voice that he may learn to make expressive.

But it was hard not to feel that Prokovsky, after nearly 50 years' service with the Bol shoy, has been — especially in the new Onegin — essaying new things simply for new-ness' sake. "Bringing the Bol-shoy into the modern age" has

Andrew Porter

brought tiresome trendiness.

The season was not a success.

Sex Please, We're Italian!

YOUNG VIC THEATRE

Tom Kempinski's Sex Please, We're Italian! is a thin little piece which is heralded as a farce yet scarcely raised a smile, let alone a laugh in this reviewer. Kempinski apparently thinks

that there is something inherently funny in the use of the words "bonk" and "bonking", which must come up several hundred times in the course of the evening.

Other jokes are few and far between, unless you take kindly to such lines as "We're up the Venice Canal without a gondola," or "He's dropped us in the reheritone" in the zabaglione".

There's a rather better exchange about the arrival of the Bishop of Naples in a small southern Italian town. "Did you come on a donkey?" "No, I'm the Bishop of Naples. I came in my BMW." "If he's an Italian, why didn't he come in a Fiat?" But that's about the limit of the wit.

for the invention, which revolves around a group of Italians, cleric and lay, who spend their time — in Kempinski's word — bonking. A series of assumed pregnancies and a possible incestuous relationship ends incestrous relationship ends happily, more or less, in marriage all round. The local orphanage is also the local brothel, though it seems scarcely necessary since there is plenty of sex available elsewhere. Everybody is at it; even the old woman in her

Slightly more is to be said

Yet by the time the parish priest is accused of homosexuality – actually of being a ponff – as a ploy to prevent the incest, even the invention, too, has just about

even the old woman in her chair demands sex on videos.

throughout in irritating stage Italian accents. Curiously enough, it is accompanied by

programme notes which claim a certain seriousness and morality for the work. I failed to spot either. Nor did I really recognise Ser Please as a farce.
The scenes where priest and bishop jump up and down in a rage are merely embarrassing.
There must also be something funnier to do with a stage bishop than deliberately spill coffee down his robes.

There are perhaps one and a half attractions. Helen Mirren is one of the whores. She looks good, moves well and is full of vivacity, though her accent sometimes slips. Kenneth Colley is not bad as the parish priest who was a bonker in his youth. Both players, however, deserve a better text. The direction is by David Thacker. He and the Young Vic are clearly in a desperate state to

Malcolm Rutherford

De Musset double bill

THE ROSE, CHELSEA

rait Penser à Tout (It's Impossible to Think of Everything) (1849) can be seen in London for the first time, at The Rose, Chelsea. They are perfect for this small venue, the sorrée intime par excellence, and a joy to see. It is as if Bulwer Lytion and de Maupassant had collaborated to produce domestic short stories on stage; and here is a precursor of the wit and style currently on show in the West End in Anouilh's The Musset (1810-1857) is now

more famed for his affair with the formidable George Sand than for his plays. In the 1830s, he gave up on theatre; the French had spurned his plays, but luckily they were reimported from Russia and played to acclaim in 1840s Paris. They included such gems as "On ne badine pas avec l'amour" and "Il faut qu'une porte soit ouv-erte ou fermée", which now looks more like French advice to the reluctant British over European union.

Caprice is at once about a

Marquis and la Comtesse have been married a year, he flirts with other women, covering his tracks in a waste of shame. He has been given a purse by another woman: but meantime she has embroidered her own for him. Male pride turns the token into a power struggle. A female confidante intervenes, toying with le Marquis and contriving to make him accept his wife's purse as an anonymous admirar's gift. En route to proving that one loves most what flies beyond one's reach, there are some delightful touches: "I loathe blue almost as much as I adore lilac," or "Do we happen to have a government in office

drama for grown-ups. Le

this evening?"

It's Impossible is more robust exchange between another Marquis and Comtesse who are terminally vague and distrait. He decides to marry her on the eve of an important diplomatic mission meticulously planned by his uncle; he keeps a note in his snuff box to remind him to propose; but when he does

Now, Alfred de Musset's two purse, a man's honesty and a remember, he finds his delightful chamber dramas, Un woman's fidelity. It is closet putative flancée can't Caprice (1847) and On Ne Sou-drama for grown-ups. Le concentrate.

The result is a mélange of delicious inconsequence, a wonderful display of people not listening to each other; these two have the attention span of gnats on heat. Their failure to remember where they are or what they said last gives the play a centrifugal energy, as ideas fly out into the night like sparks from a wheel: commotion without

The acting in these two pieces needs to be of the best, and the actors deliver. Hilary Crowson, Cara Konig and Paul Spence in Caprice, under Eleanor Creed-Miles' direction, find all of Musset's subtlety and nuance. Spence directs It's Impossible, and sees precise performances from Patrick Marley, Robin Cameron and Liz O'Hare. The costumes are all period sumptuousness. Perhaps the success of these revivals will mean more Musset in London; I hope so.

Andrew St George

INTERNATIONAL **ARTS PREVIEW** & EXHIBITIONS

AMSTERDAM

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and culture on the life and work of Van Gooh, Ends Sep 22, Dally

■ BARCELONA Fundacio Joan Mire Wols and

Cucchi: exhibition of paintings, photographs and illustrated books by the German experimental artist Otto Alfred Wolfgang Schulze, and installations by the 'transvanguard' italian artist Enzo Cucchi (b1949), Ends Sep 15.

BASLE

Museum für Gegenwartskunst Frank Stella and Donald Judd: drawings of the past three decades by two contemporary abstract artists. Ends Aug 19. Closed Tues

■ CHICAGO

Art Institute Degenerate Art: The Fate of the Avant-Garde in Nazi Germany, featuring the work of artists held up for public mockery

as masters of their realm. This is a widely-acclaimed exhibition originally mounted by the Los Angeles County Museum. Ends Sep 8. Also The Gold of Africa: Jewelry and Ornaments from Ghana, Ivory Coast, Mali and Senegal. Ends Aug 25. Also 18th and 19th century Staffordshire creamware by Wedgwood and others. Ends Oct 27. Also English and French Printed Textiles: 100 examples mainly from 18th and 19th centuries. Ends Sep 3. Daily

in 1937, who later won recognition

DIJON

Musée des Beaux-Arts Matisse: Masterworks from Nice, an exhibition including many of his best-known paintings, drawings and sculpture, on loan from the permanent collection in the town where the French painter found much of his inspiration. Ends Oct 6. Closed Tues

■ DRESDEN

Albertinum Hans Arp and Sophie Taeuber-Arp: paintings, drawings and sculpture by early 20th century Dadaist pioneers. Ends Aug 11. Closed Mon Zwinger Exhibition of rare Melasen porcelain dating from early 18th century, plus a selection of 18th

and 19th century coffee-house drawings from the Eduscho collection. Ends Oct 6. Closed Mon **EDINBURGH**

Scottish National Gallery of Modern Art E.W.Nay: paintings and drawings 1928-68. A rare British showing of the intense, colourful visions of Ernst Wilhelm

Nay, a central figure in the development of abstract art in postwar Germany. Ends July 21.

■ FLORENCE Casa Buonarroti Artemisia Gentileschi (1597-1651/3), follower

of Caravaggio and possibly the most famous woman artist of all time. The exhibition includes 30 paintings from Italian and foreign museums, together with several masterpieces by her father Orazio. Ends Nov 4. Closed Tues Museo Nazionale dei Bargello The Bronzes of Calliope's Writing Desk: the collection of bronze and marbie statuettes built up by Cosimo I de' Medici between 1550 and 1574, and stored in the Scrittoio di Calliope, a small room used to guard the Grand Duke's most precious belongings. The collection has survived almost intact, and is one of the most important and best-documented of its kind, Ends Aug 25. Closed

■ FRANKFURT

Schirn Kunsthalle From Expressionism to the Resistance: Art in Germany 1909-1936, the Fishman Collection. One of the most significant collections of German art from between the wars, with 190 paintings, drawings and sculptures by artists such as Beckmann, Kirchner, Dix and Meidner. Ends Aug 18. Also Marc Chagall; the Russian years (1906-22), with 250 oils, watercolours, drawings and sketches, Ends Sep 8, Dally Städel Bruce Nauman: sculptures and drawings 1985-90. Ends Aug

■ LONDON

Hayward Gallery Richard Long

(b1945): sculptures, mud works and photographs inspired by walks in landscapes as varied as Dartmoor, the Himalayas and the Sahara. Ends Aug 11. Daily National Gallery Guercino in Britain: an exhibition bringing together 27 paintings from British public and private collections to mark the 400th anniversary of the birth of one of the finest 17th century Italian artists. Ends July 31. The new Sainsbury Wing, designed by Robert Venturi, is now open, housing the National Gallery's fine collection of early Renaissance paintings. Daily Royal Academy The Fauve Landscape: Matisse, Derain, Braque and Their Circle 1904-1908, with 75 paintings showing how the Fauves used vibrant colour to express their subjective and emotional response to landscape. Ends Sep 1. Daily Tate Gallery John Constable:

largest-ever survey of the English artist's work. Ends Sep 15. Daily

■ MADRID

Museo Nacional Centro de Arte Reina Soria Joaquin Torres-Garcia: 120 paintings and sculptures by the Uruguayan who helped pioneer modernism in Latin America before his death in 1949. Ends Aug 12. Closed Tues

■ MILAN

Palazzo Reale Filippo de Pisis (1896-1956): an exhibition, drawn primarily from Milanese private

collections, of paintings by the Italian artist who based his style on the fluent, quasi-impressionist brushwork of Manet and Guardi. Ends Oct 13. Daily
Palazzo delle Stelline Georg
Baselitz: 50 large-scale canvases.

sculptures and drawings from the collection of the German banker Harmut Ackermeler, covering the whole of Baselitz's controversial career to date - from his 'angry young man' phase to the upside-down anti-Illusionist work of the 1970s. Ends July 20 **MUNICH**

Kunsthalle der Hypo-Kulturstiftung Thought Pictures: Contemporary Art 1960-90. Installations and paintings by 27

Internationally-recognised artists including Donald Judd, Frank Stella and Bruce Nauman, Ends Sep 8. Daily ■ NEW YORK Metropolitan Museum of Art Masterpleces of Impressionism and Post-Impressionism: works by Gauguin, Cezanne, Van Gogh, Renoir, Degas and others. Ends

Oct 13. Also The Art of Paul Manship: retrospective of one of America's foremost sculptors. Ends Sep 1. Also Sculpture of Indonesia. Ends Aug 18. Closed Mon Museum of Modern Art Ad Reinhardt (1913-67): the first

full-scale retrospective. Ends Sep 2. Also The Gardens and Parks of Roberto Burle Marx, 20th century landscape architect. Whitney Museum of American Art Hunt Diederich: figurative sculpture and drawings by a

long-neglected early 20th century artist. Ends Sep 29. Also American Life: the 20th century American experience as seen in its art. Ends Nov 10. Closed Mon

■ PARIS

Centre Georges Pompidou Andre Breton (1896-1966): wide-ranging exhibition recreating the aesthetic world of one of the leading theorists of Surrealism, Ends Aug 26. Closed Tues

Grand Palais From Corot to the Impressionists: Manet's Dejeuner sur l'Herbe is the highlight of this exhibition in homage to Etienne Moreau-Nelaton, the greatest modern benefactor of the Louvre and other French public collections. Ends July 22. Also Seurat retrospective. Ends Aug 12. Closed Tues Jeu de Paume Jean Dubuffet: The Last Years. The renovated former temple of Impressionism inaugurates its new role as a

national gallery of contemporary

art with an exhibition devoted to

the founder of art brut. Ends Sep 22. Daily Louvre Pavilion de Flore Spanish Drawings: Masters of the 16th and 17th centuries, Ends July 22. Closed Tues

Louvre des Antiquaires Seating power: the historical development of seats as furniture, including a maharajah's throne, guilded Louis XIV armchairs and art nouveau chairs. Ends Aug 16. Closed Mon Trianon de Bagatelle

Impressionism in Romania: the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 8. Daily Cartes musees available at all

metro stations and museums, to avoid queuing at 60 museums Including the Louvre, Musée d'Orsay and Versailles

■ ROME Capitoline museums and

Accademia Valentino Valentino: Thirty Years of Magic. Valentino has handed himself the sort of accolade that sits more gracefully on designers already dead, with a show spread over two sites. The Capitoline museums (ends July 28, closed Mon) show photographs of Valentino designs. while the Accademia (ends Nov 5, daily) has 300 outfits made between 1960 and 1990 with their original accessories. Palazzo Ruspoll The Mark of Genius: 100 old master drawings from mid-15th to late-18th centuries, all of exceptional quality, lent by the Ashmolean Museum in Oxford, Ends July 28 Daily

■ VENICE

Fondazione Cini Michelangelo and the Sistine Chapel: photographic and scientific documentation of the restoration, prints by artists inspired by the frescoes and a group of original drawings by Michelangelo. Ends July 28. Closed Mon

■ VIENNA

Kunsthistorisches Museum Gold from the Kremlin: 100 works from the era of the Tsars, many never previously seen outside Moscow, including the gold crown of Peter the Great Ends Sep 1. Closed

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Friday July 12 1991

Importance of farm reform

Ray MacSharry, the European Community's farm commissioner, are not without fault. But they are at least a serious response to a serious challenge. The same cannot, unfor-tunately, be said of the response from Mr John Gummer, the UK's farm minister. Reform of the EC's common

agricultural policy matters. It matters because the CAP absorbs almost 60 per cent of the EC's total budgetary resources, because - according to the OECD's latest report on agriculture - it imposed a total cost of \$133.4bn (roughly \$400 per head) on EC consumers and taxpayers in 1990, because it blights the prospects of eastern and central Europe and because it is the most important obstacle to completion of the Uruguay Round of

It has long been understood by serious outside observers that the solution lies in separating incentives for production from income support. Happily such a separation is central to the Commission's proposals.

Any politically feasible reform on these lines will -and should - reduce the incomes of larger farmers by proportionately more than those of smaller ones. It is only because transfers are now pro vided through high prices that it is politically possible to provide some 80 per cent of the benefits to the 20 per cent of the farmers who produce most could openly legislate so regressive a transfer of income.

No discrimination

Nevertheless, separating incentives to produce from income support need impose no discrimination against production by larger or more efficient farmers (too often presumed to be one and the same). To the extent that such discrimination exists in the Commission's proposals, it is because they do not go far

In the case of cereals, for example, the Commission's proposals are for a cut of about per cent in three years. All farmers would be compensated for

THE REVISED proposals for reform of the common agricultural policy put forward by Mr Ray MacSharry, the European average EC yields.

Between roughly 20 and 50 hectares, however, farmers would receive the compensawould receive the compensa-tion only if they agreed to set 15 per cent of their land aside, but they would also be com-pensated for the set-aside. Beyond 50 hectares, further compensation for the set-aside would not be made. The pro-posed compensation for losses of income is larger and the required set-asides more mod-est than in Mr MacSharry's original proposals.

Correct objections

original proposals.

The correct objections to the conomic inefficiency inherent in this plan are to the arbitrary nature of the set-asides and to the absurdity of paying farmers not to take advantage of excessive incentives to produce. These objections are cogent. But they are not the British objections.

How can a minister who has committed himself to the principle "that the whole area of Britain that is now farmed must continue to be farmed' object to the economic inefficiency of almost any propos-als? Imagine the reaction to a and interest and something aim-flar about coal mines or ship-yards. What lies behind these complaints is not concerns about efficiency. They are motivated by a correct recognition that large farms with high yields would not be fully compensated for the loss in income attendant upon lower prices.

The serious objection to the

MacSharry proposals is that they do not lower prices enough. In addition, the com-pensation they offer is excessive. But the underlying princi-ples are right. Support for the Commission's proposals pro-vides a litmus test for a British government supposedly dedi-cated to farm reform, liberalisation of international trade and reliance on the market.

If Mr Gummer proves incorrigible, the decision falls to Mr Major. He must decide between the barons of East Anglia and far weightier concerns, includhis role as host of the summit of the group of seven industrial countries next week. Rither the UK is part of the problem or part of the solution. At the moment it is part of the problem masquerading as part of the solution.

Electoral reform on the agenda

LABOUR'S REPORT on elec-toral reform, published today, deserves to be widely read and discussed. For too long the subject has been the preserve of the Liberal Democrats and the flat-earthers. It is time for a

The problems of the UK electoral system are well-known. A party (of either stripe) can be elected with a secure majority with a secure majority on little more than 40 per cent of the popular vote. Parties whose support is regionally concentrated have no difficulty winning seats under the first past the post system. But a minority party with 25 per cent of the popular vote spread evenly across the country can find it hard to win even 5 per

Worse, the UK is exporting the consequences of its defec-tive system. A moderate swing to Labour in the 1989 European elections produced a dispropordonate increase in the number of Labour MEPs, altering the political balance in the European parliament. Labour MEPs now dominate the socialist group, yet there are no UK Green MEPs to represent the 15 per cent who voted green. The advantages of the first past the post system are well

rehearsed. It is more likely to produce a decisive result, and hence "strong government". Proportional representation, by contrast, often gives more power to politicians good at horse-trading in smoke-filled rooms to assemble majorities.

If the UK system gives disproportionate power to major parties, proportional representation can hand power to minorities. The Israeli system is the worst example: any oddball who wins 1 per cent of the vote gets a seat in the Knesset and a veto in the cabinet. And even the much-vaunted German electoral system has meant in practice that voters can choose any government so long as the liberal Free Democrats get the foreign office and

Strong government However, while the UK system can produce strong government, it is a moot point as to whether it produces good government. Prof Plant's report for the Labour party points out that strong government produces massive swings

from left to right and back industry - nationalised dena-tionalise, renationalised and

then privatised over 35 years

makes the point.

Effective government may be government by incremental change, with a premium upon continuity. Forcing politicians to work with other parties not only rounds off the rough edges of partisanship, it also opens political systems to new ideas. The electoral success of Germany's Greens forced the major parties to modify their thinking long before their UK

Governmental stability

In any case, a majority for one party is not a prerequisite for stable government. Ger-many, Sweden, Norway and Denmark have done without it, but still enjoyed governmental stability (not to mention greater economic success than the UK). Italy offers a counterexample, but it is arguable that the instability of Italian governance lies elsewhere: the strength of the Communists and the culture of the Christian Democrats, which has thrived upon wheeler dealing in general and with smaller

parties in particular. Labour's report sensibly conciudes that there is no pana-cea, an electoral system for all elections: the choice should depend on the purpose of the body. If a strong link is required between MPs and constituencies, then the multi-member Single Transferable Vote used in Ireland is ruled out for the House of Commons. But it may be appropriate for the European Parliament, whose enormous single-member constituencies provide tenuous accountability for MEPs. An elected second chamber might wish to strengthen regional representation, using a list system (though lists can give too much power to the party apparatchiks in deciding who goes on them).

For a major party to argue on the rational merits of different systems is a refreshing change, however. The case for reform is strong and the debate should now proceed in detail.

Should the next general election create the political conditions for action, the time will

have been well spent.

of the world's leading indus-trialised democracies will be rich in paradox.

Geopolitically, the meeting, which starts in London on Monday, will be a potent symbol of the end of the cold war. Yet the problems for discussion will also show how far short the world is of President George Bush's ideal of a "new world order", based on peaceful settlement of disputes, solidarity against aggression, reduced and controlled arsenals and the just treatment of all people.

Economically, the meeting will assert the superiority of market-oriented policies and sound macroeconomic management. This will be despite the past year's recession in three summit countries that has resulted in the worst economic performance in the industrialised world for nearly a decade

On one level, the summit's determination to find mutually consistent solutions to such problems as trade liberalisation, third world indebtedness, environmental degradation and the scourge of drugs will underline how interdependent the big industria-lised nations of the world now are. Accordingly, the UK government has decided that the theme of the meeting should be: "Building an international partnership and strengthening the international order

But no one should suppose that the Group of Seven summit nations or the European Community that will also be represented in London form a naturally harmonious and homogeneous partnership. No amount of diplomatic drafting will be able to dissolve differerranting will be able to dissolve directed of view and emphasis among the leaders of the US, Japan, Germany, France, Britain, Italy, Canada and the EC on specific questions such as how far to dismantle farm protectionism or how best to help the Soviet Union escape its economic and politicai malsise.

The sense of paradox surrounding will be maintained to the very end. The scheduled meetings between President Mikhail Gorbachev and the other summit leaders in London on Wednesday and Thursday have already ensured that the talks will be dominated by a man who represents none of the summit nations.

Mr Gorbachev will come to London with difficulties that make those of the G7 countries appear trifling. "He is having to cope with three major problems at the same time on a scale faced by no empire previously in his-tory," commented a "sherpa", one of the senior G7 officials charged with preparing the summit. The challenges for the Soviet Union of liberalising its economy, re-ordering its body politic and retreating from the vast territorial hegemony established after the second world war are well beyond the experience of any western leader, none of whom is likely to forget the Soviet Union's nuclear might.

At their last summit in Houston a year ago, the G7 leaders committed themselves to helping the Soviet Union create an open society, pluralis-tic democracy and market-oriented economy. The intervening 12 months have been a sobering time for the industrialised nations - and not just because of the failure of the Soviet reform. The Houston meeting - on the

morrow of German economic and monetary union – trumpeted the 1990s as the "decade of democracy". It declared that changes in Europe gave "great hope for a world in which indi-viduals have increasing opportunities to achieve their economic and political aspirations, free of tyramy and oppression". More practically, the leaders pledged to maintain "a high level of personal involvement and to exercise the political leadership necessary" to ensure a successful outcome of the Uruguay Round of trade liberal-isation talks by the end of last year. Less than three weeks after HousThe Group of Seven summit in London will expose both harmony and division between industrial nations, says Peter Norman

A table piled high with problems



ton. Irao invaded Kuwait and events since the altied victory in the Gulf war have done nothing to encoun hopes that the world will quickly be free of tyranny and oppression. Despite the Houston summit

edges, the trade liberalisation talks under the auspices of the General Agreement on Tariffs and Trade (Gatt) nearly foundered in December and are only now being brought back to life with some difficulty. The union of the two Germanys, while a political triumph for Chancellor Helmut Kohl, is proving far more costly than any-body envisaged. Recent events in Yugoslavia have shown how the disappearance of the Iron Curtain has uncovered old sores and split new blood on a continent that some thought might finally be free of war.

The world has shown itself to be a

messy and complex place. And managing it has been made no easier by strains in the leading industrial democracies themselves. The impressive US-led victory in

the Gulf cannot conceal the lack of US economic hegemony in the G7. Although the administration in Washington appears confident that the US is emerging from recession, the nation's economic weaknesses are legion, ranging from a chronic budget deficit to an enfeebled banking sys-

The other G7 countries have problems. Mr John Major, who will be attending the summit for the first time as UK prime minister and host, and Mr Brian Mulroney, the prime minister of Canada, have precious little proof that the deep recessions in

their countries are over. Germany is struggling to control a ballooning budget deficit and faces soaring unemployment in the former eastern Germany. France has been teetering on the edge of recession while Italy has yet to control its perennial budget

Even Japan, the fastest-growing G7 country, worries that its export suc-cess might provoke renewed trade friction with the US and EC. Recent brokerage house scandals and depressed equity prices in Tokyo have raised the spectre of prosperity being undermined by financial fragility. All summit countries except Japan are strapped for cash with their bud-

The G7 meeting will assert the superiority of market-oriented policies recession in three summit countries

gets and current account balances in deficit. For this reason alone, Mr Gorbachev - who will be accompanied by Mr Grigory Yaviinsky, the radical economist who devised an economic reform plan for the Soviet Union involving large-scale financial support from the west - would be ill-advised to seek a large hand-out when he meets his G7 colleagues.

Unless the intense pre-summit dip-lomatic contacts between the G7 and the Kremlin have been to no avail. Mr Gorbachev will do no such thing when he arrives in London.

Instead, his fellow leaders hope that the Soviet president will spell out his plans for economic, political and constitutional reform in precise detail. They want to learn whether Mr Gorbachev really understands what is involved in such concepts as price reform or the free market. In particu-lar, they will be looking for his politiment of what he can deliver by way of change.

The will to help the Soviet Union exists among the seven, but not in

equal measure. Japan is probably the least willing, mainly because the Soviet Union is still occupying islands taken from Japan in the second world war and partly because it fears that its economic strength would leave it carrying the biggest financial burden.

The US, Britain, Canada and France are cautious to varying degrees. Italy has traditionally fostered close ties with the Soviet Union while Germany is the most enthusiastic supporter of wide-ranging assistance for Mr Gorba-

The reasons for Germany's enthusi-asm are clear. Mr Kohl, who has since developed a warm personal relation-ship with the Soviet leader, will never forget that it was President Gorba-chev who allowed the breach in the Berlin wall on the night of November 9 1989. There would be enormous benefits for Germany's export-oriented economy from a prospering Soviet Union. As chancellor of the recently united Germany, Mr Kohl is still playing host to some 300,000 Soviet troops stationed in the former German Democratic Republic.

But Mr Kohl will not want to rock the G7 boat. During talks with Mr Gorbachev last weekend in Kiev, the German leader steered Mr Gorbachev in the direction of seeking a special relationship with the International Monetary Fund as the best way out of his difficulties.

This idea, also promoted by the US administration as "associate membership", could well emerge as one of the

ship", could well emerge as one of the big achievements of the London summit. G7 support for such a move should ensure its eventual acceptance by the IMF membership.

According to Mr David Mulford, US Treasury under-secretary for international monetary affairs, the Soviet Union would have access to "thousands of man hours" of expertise, advice and experience on how to reform its economy. There has been a reform its economy. There has been a growing consensus among the G7 that such a transfer of knowledge is a bet-ter way of reversing the effects of 70 years of a command economy than any injection of funds.

But here too, there are differences among the G7 as to what a special relationship between the Soviet-Union and IMF should entail. The European members of the group favour it as a step to full Soviet membership of the Fund while the US is very wary of such a move.

The Soviet Union will concern the summitteers increasingly from Tues-day lunchtime onwards. But as host nation, Britain is anxious that Mr Gorbachev's visit should not overshadow the other complex issues. These include:

• Eastern and central Europe. The leaders of the new democracies have followed Mr Gorbachev's progress to London with concern, fearing that the G7 will neglect their interests. Partly to allay these fears, Mr Norman Lamont the IIV changallar lest ward. ont, the UK chancellor, last week urged the EC to strive for closer trading and political ties with eastern and

central Europe.

The Uruguay Round of trade liberalisation talks. Despite last year's Houston summit failure, the G7 countries are again expected to try to bridge their differences and give a political push" to the Gatt talks. Arms control in the light of the Gulf war. Mr Major is seeking a United Nations register of conventional arms sales by the five perma-nent members of the UN Security council as a first step to keep better control over the spread of weapons. • The environment. This year's neeting will be the last opportunity for the G7 to take a joint stand on issues such as global warming, the preservation of tropical rain forests and bio-diversity ahead of next year's UN sponsored "earth summit" in Bra-

• Third world debt. The summit will review plans first put forward by Mr Major, when chancellor, for easing the debt burden of the poorest developing nations, although agreement on this issue will depend on a change of heart

by the US.

• Drugs. The G7 will want to take further action against drug trafficking and may try to involve eastern Europe and the Soviet Union more closely in its efforts.

The above list shows how far the 1975, when at the instigation of the then French president Valery Giscard d'Estaing, the leaders of six industrial countries met in Rambouillet near Paris for a "fireside chat" about the world economy in the wake of the

Inevitably, the discussions on global and national economic trends will rank fairly low down this year's summit agenda. But they will still be important because ultimately the hopes of the summit leaders for a better world based on multi-party democracy, good government, increased respect for human rights and the rule of law depend on prospering and competitive economies.

Sailor's farewell

₩ What has earned Italy's Ranl Gardini a new press image?

Long popularly known as "the peasant", the deposed head of the Serafino Ferruzzi holding company is suddenly being depicted as a swashbuckling seafarer called "Sir Raul".

The answer has less to do with his America's Cup ambitions than the buccaneering stance he is now taking in his wrangles with his erstwhile partners in the Ferruzzi family

over his parting pay-off. After first dwelling in embarrassed silence on being removed from the company that controls the country's secthat controls the country's second biggest private-sector group Ferruzzi-Montedison, Gardini is making plain that the £27.5m golden handshake aired by the family won't wash. "You only dismiss a thief this way," he has said.

Likewise his feelings about the £120m gr.so the family has

the £120m or so the family has reputedly offered for his wife Idina's 23 per cent stake in Seratino Ferruzzi.

ing up the tension, observers say, just as he did with the state-owned ENI group last year in the talks over the Eni-mont chemicals joint venture, in order to squeeze out the best

possible deal.

Meanwhile the peace-loving Ferruzzia, while publicly grate-ful for the expansion of the family empire during Gardini's 12 years at the helm, are probably hoping they can persuade him to sail away with as little booty as possible. A round 500bn lire - or £228.5m - is the latest whisper in the wind.

UK salesman

■ Sir Martin Jacomb, the outgoing chairman of BZW, is not the most obvious choice for a public relations tob. A qui-etly spoken, intelligent banker, he would seem the last person who'd be good at waving the flag as the next chairman

Observer of the British Council. However, the British Council has never been a crude propa-77177 ganda machine like some of its competitors. With a net-777 9

work of 155 offices in over 90 countries, it is better appreci-ated overseas than it is at home. Close to a third of its £395m annual budget goes on teaching English, and while this remains its single most important contribution, Jacomb makes it clear that he regards Britain's cultural exports as one of the country's great growth industries. These days the British Council is no longer regarded as the sole supplier. It has to operate in a more businesslike nanner and compete for an increasing amount of its gov-erument funding. As was pre-

viously the case with Sir David Orr who took over after retir-

ing from Unilever, it comes

as no surprise that the latest chairman has also been

Another old Unilever hand

also on the move yesterday is Sir Michael Angus, who has

been tapped to take over as

chairman of Whitbread when

he steps down as chairman of Unilever. The move is inter-

esting on a couple of counts.

Angus is a good seven years

older than Sam Whitbread, current chairman of the family

brewers who is generally reck-

oned to have done a good job

during his eight years in charge. It is not the first time

the company has been headed by a non-Whitbread, and the present incumbent is anxious

to get back to his farming and heavy duties as lord lieutenant

Although the Whitbread

amily retains a controlling

interest, it will be interesting

to see whether the combina-

tion of change of chairman

and future funding pressures

of Bedfordshire.

plucked out of big business

Brand names

eventually leads to the enfran-chisement of the A shares. In the meantime Angus's acceptance of the Whithread job puts paid to the speculation that he was the obvious succes sor to British Airways Lord King. Pity, because he would have been an excellent choice.

"I deposited all my poll

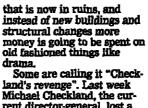
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Power play

Even by the BBC's freewheeling standards £175m sounded an awful lot of money to spend on a new beadquarters just for news and current affairs. So perhaps the decision to postpone the grandiose project, which almost certainly means it will never take off again, makes sense in these tough times. Nevertheless it must be a

bitter disappointment for John Birt, the BBC's new supremo. Not only was Birt the main backer of the plan, but he is a supporter of the controver-sial bi-media approach - the theory that radio and television journalists are to some extent interchangeable. All



rent director-general, lost a bitter power struggle and now has to run the organisation knowing that he will be replaced by his deputy in less than two years time. It is almost certain that Checkland took his decision on the new headquarters well before he

Even so, it does raise the question yet again of what is the point of having two men in charge of the Beeb for the next 20 months.

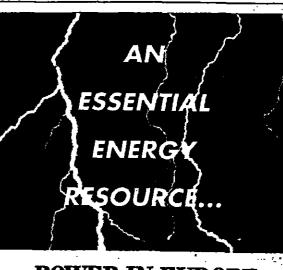
Rent-a-puff Food for thought. Which unglamorous new entrant to the FT-SE 100 is rated on a par with Wellcome, and outshine such glamour stocks as Reuters, Guinness, Sainsbury and Glaxo?

The average wage of its staff is a shade under £10,000 a year(compared with £57,700 at S.G. Warburg) and its highest paid director gets under £300,000 a year, compared with over £700,000 at Britain's flag-ship merchant bank. Its chief executive is under 50 and owns £1.5m of his company's stock. In its 22 years on the stock market it has never issued paper for acquisitions or had a rights issue.

Answer: Her Majesty's rat catcher, the East Grinsteadbased Rentokil.

Derailed

British Rail has given a new meaning to the phrase "bus-man's holiday" by telling its staff club in Selby, Yorkshire, that its traditional summer railway outing is off. Because no trains are available for hire the club is having to take 300 members and children to Bridlington by bus.



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the like Affects

The humanitarian achieve-ments of the allied action are clearent. More than 20,000 troops were deployed from 13 countries in an operation to return some 450,000 Iraqi refu-gas, mostly Kurds, to their homes. This was a fantastic use of the military which I guess we've never thought of before: But I think only they could have done it," says Mr Paul Wolfowitz, US assistant secretary for datence.

However, the political strife which led to the massive flight of Iraqi refugees into the Turkish mountains in late March remains largely unresolved. The ailies are not waiting for an agreement between the an agreement between the Kurdish leaders and the government of Iraq's President Saddam Hussein on regional autonomy, which has yet to be reached. They are relying on a combination of Kurdish guerrilla forces (Pesh Merga) inside iraq and a multinational rapid reaction force behind the Turkish horier ("Ongration Polese!" ish border ("Operation Poised Hammer") to provide sufficient security to avert a new exodus of Kurdish civilians. However, the question of international guarantees for any autonomy accord has yet to be settled.

ine other complete and control from the control from the new democratics of the new democratics of the forest democratics of the forest democratic from the control from the contr The allies' objectives are complex. They want to pull out of Iraq for domestic political reasons, but they also want to give a strong warning to Mr Saddam that any further oppression against the Kurds will be met by force.

ha EC to strive for close to political ties with easure In some ways the withdrawal Evrope.

Evropes

Fragulary Round of trade to

n talks. Despite last pr.

a summin failure, the Ore could make it more difficult for the Kurds to press their case. Rebei leaders resumed talks in Baghdad yesterday and were pushing for more concessions on the Iraqi side. Even with an agreement, western aid officials say the Kurds will need massive outside assistance which they cannot realistically the parlous state of the iraqi

economy.

Thousands of Kurds are still stranded on the Iranian border, in an area beyond the reach of the allied security zone, which stretches about 50km south of the Turkish border to Dahuk, in north-west Iraq. Relief officials, most of whom now work with Baghdad's approval, report an influx over the past few weeks of up to 350,000 peo-ple into the Suleymania prov-ince, on the Iranian border, to areas under Pesh Merga control. Many are camped beside the ruins of their former vil-lages, which were destroyed by Mr Saddam as part of his

Kurds stranded in a zone of uncertainty

John Murray Brown assesses the likely effects of the final pull-out of allied troops from Iraq

attempt to undermine rural support for the guerrillas. No one should underestimate the military's achievement in an exercise which has brought undoubted humanitarian benefits to the Kurds, and a diplomatic bridgehead from which to negotiate. But their political future remains uncer-

General Robin Ross, commander of British forces, says Operation Provide Comfort, as it was dubbed, establishes a blueprint for relief work.

"The traditional response to disasters has always been to call in the charities," says Dr David Nabarro, of the Overseas Development Administration

Development Administration, the UK's official aid arm. "The military has shown that logistics is more important than heroic nurses in the field." Ten weeks ago, the picture was one of almost unrelieved

gloom. In the wake of the bru-tal crushing of the Kurdish rebellion, thousands fled to both the Turkish and Iranian borders. At one time more than 600 people were dying a day in makeshift camps on the Turk-ish border, according to the US commander General Jay Gar-ner. The allies were airdroping relief supplies, using C-130 transport aircraft and latterly Chinook helicopters to remote sites. It was Turkey's refusal to offer permanent sanctuary, which forced the allies to coax the refugees back to a safe haven inside north Iraq.

Today, life inside the security zone is slowly returning to

normal Families are tending their orchards. Trucks line up outside the grain silos to deliver wheat planted by the government last August in the wake of the imposition of UN

The tented camps outside Zakho, the town at the centre of the zone, now house little over 10,000 people, according to the UN High Commission for Refugees, which has taken over responsibility from the allies. "They are people who don't have anywhere to go," says Mr John Foster, of International Rescue Committee, a New York-based agency. Some refugees live south of

the allied zone in areas under



Safety check: General Jay Garner with Kurdish leaders during an inspection tour of Zakho before the withdrawal of US forces

withdrawn "sooner than we thought". According to west-ern officials, the US bowed to

British and French pressures

not to pull out on July 4 because it was feared that the

security situation was unsta-

Diplomats say the delay has

given the Kurds a welcome breathing space in their negoti-ations. To outsiders it might

seem hard to see how the

Kurds can put their trust in any agreement. Mr Massoud

Barzani, head of the eight-

party Kurdistan Front, which has been leading the talks, has

personally lost three brothers,

they have an historic opportu-

nity. International pressure on the regime continues. In rebel-

held towns such as Shaqlawa,

the sight of Arab merchants

scouring the shops for smug-gled goods from Iran is evi-dence that UN sanctions are

Yet the Kurdish leaders feel

and six uncles.

government control. Others are contract workers who rented their homes. Some say they were originally farmers forced off the land when their villages were bulldozed and their trees defoliated by chemicals. With-out employment, many were tempted into the Kurdish militia used by Baghdad to police the region (known to other Kurds by the derogatory term Jash – "donkeys"). Yet even

these people say they will go home if there is a Kurdish agreement with Baghdad. agreement with Baghdad.
"It would be nice to think it was going to end happily ever after, but the world is not always like that," says Brigadier Andrew Keeling of the Royal Marines, who led the UK contingent inside the haven.

Some confusion has already

Some confusion has already been generated over the withdrawal timetable. This followed remarks by General Colin Powell, chairman of the US joint chiefs of staff, that American troops would be

Kurdish hopes of autonomy, however, depend on the regime in Baghdad. Without Mr Saddam, the Kurds feel it might be even more difficult to exert pressure. "Imagine we change Saddam Hussein. Who will come? How will he deal with the Kurds?" asks Mr Jalal Talabani, the other main rebel leader Western governments. leader. Western governments would have little reason to support the Kurds if a pro-western regime emerged. Equally, Mr Talabani argues, a pro-Iranian government, which could result if Iraq's Shia Moslem majority were to win a future election, would look even less kindly on Kurdish aspirations.

A crucial player in any regional settlement is Turkey, which remains sensitive to the presence of foreign troops on its soil. In negotiations with the coalition this week, the Turks are seeking to gain command of the rapid reaction force to allay the fears of local opponents. Allied officials talk opponents. Allied cificials talk of the force being deployed for weeks rather than months. However, the timing is likely to be partly determined by Mr Mesut Yilmaz, the new Turkish prime minister, who may decided to call an early general election before the end of 1992. The main thrust of the determined of the determ The main thrust of the deter-

rent will be the above these at Incirlik in south-east Turkey. Allied commanders say the warning to Baghdad not to fly fixed-wing aircraft or helicopters north of the 36th paral-lel remains in force. The Iraqi military is also forbidden to enter the security zone.

US officials have been in talks with the Turkish General Staff this week. One important issue to be decided is how to gather reliable intelligence that can be used to activate the force once the allies withdraw. With the allied deterrent in place, Gen Garner believes the

Iraqi secret police will not be able to operate. Some aid workers are less confident. "If there is a question of who runs the streets, the Pesh Merga or the streets, the resn merga of the Iraqis, we would probably pull out," says a US agency chief. The signs, however, are that the Kurds and the Iraqi police

are working towards an accommodation. In Erbil and Suleymania, aid workers confirm that they jointly police the towns. The hospital in Suleymania, nominally under gov-ernment control, is treating casualties from Pesh Mergaheld areas, many of them victims of mine explosions.

These tragedies have to be stopped somewhere," says Mr Barzani. "I feel very strongly we have to give our people some hope of stability and peace." But until Kurdish hopes for a degree of self-determination are met, that stability is a long way off.

Joe Rogaly Bits and pieces script



is knocking

change, beats "theoretical and abstract". The close-your-mind principle, death to hopes of a renaissance of Europe's troublesome offshore island in the 21st century, is being applied by the Tories to con-stitutional reform. The perpetrator of this crime against radicalism is the otherwise harmless Mr John Patten, Office. He will surely be rewarded by promotion to the

I say that because it is rumoured that the prime min ister must soon advertise his new-found sense of authority and self-confidence by showing that he can move his ministers around. This
assumption may be wrong. Mr
Major is still telling everyone that he is not "in reshuffle mode". He is anyway thought unlikely to do much before September, when he will be able to make a final decision on postponing the election until next year.

Mr Patten is a diligent minister who has served a decade in a succession of junior posts. Over the past couple of years he has slogged away at putting Home Office legisla-tion through parliament. Many of his contemporaries, not all of them possessed of an intellect or competence superior to his own, have perhaps unfairly been appointed

to higher positions.

There would be no more to be said about him, pending an improvement in his career. were it not for a pamphlet he has written for the Conserva-tive Political Centre. It was read to the CPC summer school last weekend, but he is still polishing his script. The gist of it is that "rolling constitutional change", (which turns out to mean bits and pieces of legislation already passed or mooted), is all that is required. We could leave it there, were it not for the fact that Mr Patten has shown his work to his unrelated name-sake Mr Christopher Patten, chairman of the Conservative party, and Mr Kenneth Baker, his boss at the Home Office, of the prime minister's policy unit. None of these appears to have uttered any note of dis-

The John Patten internal circular must therefore be taken as the most complete exposition of the Tories' atti-tude to constitutional reform yet available. So far as I can tell, it is indeed the only one. It is therefore of some importance at a time when a gen-eral election is less than a year away. The Liberal Democrats dream of a constitu-tional revolution. The Labour party's preliminary report on now to ward off electoral reform for the House of Com-mons is being published today. Its contents are reported elsewhere in this morning's FT. The party also

Mr Patten is on solid ground when he says the political culture best guarantees liberty

proposes a Scottish assembly, at once; English regional councils, one day; an elected senate to replace the House of Lords, in the far future; a castrated bill of rights, and a freedom of information bill whose small print has yet to be seen. The Conservatives as a party reject all of this, although it has to be said that they do harbour closet elec-toral reformers — Mr Douglas Hurd springs to mind - within their ranks.

According to Mr Patten, Labour's programme is "a cynical attempt to achieve power at all costs through the Scottish route". Quite. But he also avers that the system we have is best extended by local management of schools, new trade union laws, a police complaints authority, inde-pendent taxation of husbands and wives and a host of other, similar, changes not usually regarded as elements of con-stitutional reform. Otherwise rule by parliament (ie, the prime minister) as defined in statute and common law should be left alone. I disagree. What we have may "work", in its way, but it is the system that gave us Messrs Wilson, Heath, and

and Mrs Sarah Hogg, director Callaghan and, to put their errors right, one exceptional person of quality, Mrs Mar-garet Thatcher. Now that same system offers the British people a choice between Mr Neil Kinnock and Mr John Major for prime minister. My case rests.

Mr Patten is right when he says there is no popular upris-ing, no widespread demand for reform. There is, however, a lively debate among politi-cians, academics and others. He does contribute to this discussion by arguing that it is the political culture, not the constitutional structure, that best guarantees liberty. Here he is on solid ground. As he says, to assume that written constitutions and codified hills of rights automatically protect the civil rights of citizens is a demonstrable fal-lacy. Just look at Brazil, or the Soviet Union. "The greatest protector of citizen's rights in the UK," he argues,

"are citizens themselves".

I have news for Mr Patten.
In the UK there are no citizens, merely subjects of the crown. Never mind. His argument has resonance when put by a constituency MP who receives votar's protests, or a working minister who is vis-ited by all sorts of pressure groups, some of which per-suade him to change bits and pieces of his legislative proposals. Our author is both.

This about sums up the state of thinking in the Conservative party. It has become so accustomed to running the government that it cannot step outside the process and see the elective dictatorship, or the dangers it poses under an unrestrained Labour party. It is blind to the absurdity of an appointed House of Lords composed of old buffers. party placemen, and a few knowledgeable lawyers. It is blissfully unaware of the implications of European Community constitutional change for our British

arrangements, and implacably opposed to Scottish aspirations - based, Mr Patten, on a different culture from These counter-arguments may emerge when Mr Patten's pamphlet is published. If so, some sort of debate may start within the Conservative

party. Meanwhile, all the run-

ning is being made by the

Letters

Pricing and the telecoms market

From Mr Iain Vallance. Sir, Sir Bryan Carsberg, director-general of the Office of Telecommunications, made two significant statements in the paper he gave July 10 to the Financial Times conference on telecommunications:

1. "The actual rate of return earned by British Telecom on investment, for the part of the business covered by its present price control, is well within the range I regarded as acceptable when I established the price

2. "Residential customers are paying less than economic prices for their services, while business customers are paying more. If this is changed too rapidly, public opinion will reject the process and clamour for a return to state ownership. However, maintaining the imbalance makes it harder to

bring competition rapidly to all sections of the market." BT is grateful for Sir Bryan's unequivocal confirmation that BT's rate of return on its regulated services is acceptable and that residential customers are paying less than economic prices. We are also glad to see his acknowledgment that our current imbalance of prices is,

in effect, anti-competitive. The sections of the market which are currently underresidential services and partic-

From Mr Ira L Straus.
Sir, The difference between good "bottom-up" negotiated federations and bad "top-

down" imposed ones (Samuel

Brittan, July 8) often goes even

further. Some top-down federa-tions are not federations at all,

but only formal juridical struc-tures, divorced from the real,

extra-legal workings of power.

Such was the situation in the

Soviet Union and in Yugo-

slavia, where the Communist

party controlled all levels of

government, rendering their

constitutional autonomy a fraud. This led Carl Friedrich

to describe them as "façade

There is no logical basis for

treating nationalist resistance

in façade federations as evi-

dence that multinational feder-

argument is popular among opponents of a United States of

ation doesn't work, though the

Nationalist unrest does not

negate the federalist model

Sir Bryan insists upon. His prime argument for this regime is that, if our pricing imbalance were redressed too quickly, public opinion would reject it. This argument does not stand up to scrutiny. BT accepted that ordinary con-sumers should be protected by a constraint that the median residential bill should not increase by more than the Retail Price Index in any year.

And we will offer a further protection for those who need to
be on the 'phone but make little use of it — a half-price rental, with 30 free call units per quarter (nearly two hours of cheap-rate local calls). Would this provoke a clamour

for a return to state owner-ship? I hardly think so. If we were freed this year from Sir Bryan's RPI plus two price cap on exchange-line rentals, all we would wish to do on marketing grounds would be to add a further 1.7p a day beyond the cap. This would mean that, instead of being pushed into increasing local and off-peak call charges to maintain a second to the call charges.

Europe. However, it is a mis-reading both of the word "fed-eration" and of the nationalists

in the Soviet Union and Yugo-

slavia, who would love to join

a united west and a United

States of Europe.

The eagerness of these peoples to join a Common Home with the west is one of their

motivations for tearing down

their existing homes, which they blame for isolating them

They may be over-hasty, but it would be a misunderstand-ing of historic proportions if

this led the west to over-esti-mate nationalism and abandon

the federalist project in which

they have invested their hope.

from the world.

Ira L Straus,

executive director.

the Democracies,

Association to Unite

ularly the provision and maintenance of residential exchange lines. The result is that the emergence of a choice of suppliers to the ordinary, domestic consumer is being inhibited by the pricing regime STS Paran inests upon Do I hear more clamour for a return to state ownership?

The bottom-line on all this is that successive secretaries of state for trade and industry, and Sir Bryan himself, have consistently fudged the issue of re-balancing our charges for rentals and calls. For example, rentals and calls. For example, earlier this year, Sir Bryan and Peter Lilley came up with the idea that BT and all other operators should pay for the imbalance through an "access deficit contribution". Earlier this month they effectively abandoned the idea, or at least postponed it sine die. The time for fudging has come to an end. A little less politics and a little more attention to that fundamental issue of price regulation - rebalancing -would go a long way towards opening the local residential services market to genuine

services market to gettime competition and presage the successful flotation of some, or all, of the government's remaining shareholding in BT later in the year. Iain Vallance, to maintain an adequate return on capital, we could freeze all 81 Newgate Street, EC1A 7AJ

> Sledge hammer or slap for the securities houses

Sir, The Japanese securities

industry and the mysterious

From Mr Leo Herzel

Japanese system of governmental regulation are providing the west with plenty of entertainment and a sense of comparative moral well-being. In particular, contrast the Japanese ceremonial resignations, apologies and governmental slaps on brokerage houses wrists with the US's firm sledge hammer to the head of Drexel Burnham (and the junk bond market) two years ago. Considering the consequence which is the better way? The answer in far from obvious. Leo Herzel, Mayer, Brown & Platt 190 South La Salle Street

How the Soviet Union should help itself

From Mr Courtney D Smith. Sir, There are serious prob-lems with the arguments of Hilmar Kopper (Personal View, July 10) proposing that the west should save the Soviet

economy. The primary problem is that Mr Kopper is proposing that large multinational organisations and governments be called in to provide advice and money to bolster the Soviet infrastructure. This would cer-tainly aid the Soviet economy but would ignore the roots of the Soviet economic crisis.

First, there is no legal system to protect private property, contracts, and copyrights. This means that western businessmen will have little confi-Soviet Union if they cannot be assured that they will control their investment and will have it protected.

Second, the Soviet government must liberate the savings pool within the country. Mr Kopper is correct in pointing this out. However, he neglects to point out that Soviet citizens recently had the bulk of their savings pool confiscated when the government eliminated 50 and 100-rouble notes.

Third, Mr Mikhail Gorbachev must show that he is more concerned with the people of the Soviet Union rather than his power over them. He eliminates a huge source of savings of his own people, then comes to the west asking for money. The money of his own citizens would not be con-trolled by him whereas the money from the west would be for him to dispose of to whomever he so desires, thus enhancing his own power.

Fourth, the Soviet government must slash military spending to release those funds to provide the infrastructure and investment capital needed rather than continuing the proguns policy of the last 40 years.

Courtney D Smith, president, Pinnacle Capital Management, 67 East 11th Street

Doing anything interesting at the weekend?

The week's business behind us, we cast an expert eye on personal finances.

With the FT's customary clarity and depth of analysis our "Finance and the Family" pages inform and advise.

We talk with the successful and those on the way up with people who are making it in small private businesses.

We are.

And having made it - "How to spend it!" We're never short of ideas on that. Lucia van der Post has an eye for design, in everything from fashion to furniture, Jancis Robinson and Edmund Penning-Rowsell a keen nose for good wine (at keen prices) and Philippa Davenport a deft hand at things culinary.

We pick out a good book or three, take in a new exhibition or two and keep a watchful eye on the sale rooms. And tomorrow we invite readers of our archaeology column to join us this winter for a journey down the Nile with Gerald Cadogan. It's the stuff of travellers, investors and dreamers (why not).

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Weekend FT

FINANCIAL TIMES

Friday July 12 1991



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Gates' nomination may be put back after new material about Iran-Contra cover-up

Bush's choice for CIA faces fresh delay

THE nomination of Mr Robert Gates, President George Bush's choice as director of the Central Intelligence Agency, appears to be in trouble.
The Senate Intelligence Com-

mittee is considering a further delay in the nomination confir-mation hearings because of fresh material pointing to an official cover-up of the Iran-Contra scandal.

The committee may delay the hearings, tentatively set for Monday, until September, after

This would give the committee time to digest the implications of admissions from a former Central Intelligence Agency operations officer involved in arming the Nicaraguan Contra pobels

By Judy Dempsey in Sarajevo, Bosnia

PRESIDENT

Yugoslavia's central republic

of Bosnia-Hercegovina, Mr

Alija Izethegovic, is appealing to the European Community to

help prevent Serbia and Croa-

tia from carving up the repub-

Serbia, while the Croat regions

in Bosnia-Hercegovina would be integrated with Croatia.

"I have heard about those negotiations between Tudjman

and Milosevic," said Mr Izetbe-

govic yesterday.
"If they persist with this plan, we will resist. There is

very strong resistance here to

any break-up of Bosnia-Her-

cegovina. We will also call for

Mr Izetbegovic said he was

preparing a letter to Mr Hans van den Broek, the Dutch for-

eign minister, who has been

co-ordinating discussions between the EC and Yugoslav-

We shall send the letter

Mr Alan Fiers, former head of the CIA's Central American task force, admitted in federal court that he had been ordered by his superiors to conceal details of secret White House operations to arm the rebels.

agreement to co-operate with prosecutors – could implicate several senior officials of the Reagan and Bush administra-Of more pressing concern, Mr Fiers's admissions raise

stions about the extent to which Mr Gates may have known about, or been involved in, the Contra resupply net-work in 1986-87 when he was deputy CIA director.
Such questions forced Mr
Gates to withdraw after he had

been nominated for the CIA directorship to succeed Mr Wil-

Until both Republican and Democratic senators are confident that the worst Iran-Contra disclosures are behind them, they will remain reluctant to hold confirmation hearings. Mr Bush gave his nominee a

ringing endorsement this week, calling him "an outstanding individual who will be confirmed, and who will be a great director of central intel-

In private, though, White House officials are concerned not just about the latest twist in the 4½-year Iran-Con-tra inquiry – but also about other allegations through which Mr Gates might be implicated in illegal efforts to ship US arms and technology to Iraq via third countries such

as Chile and South Africa The allegations - some of which stem from an Israeli former military intelligence officer once employed on a CIA contract - have been made to congressional investigators and federal law enforcement officials. Congressional officials have considered them serious enough to warrant fur-ther investigation under sub-

Three weeks ago, the CIA issued an unsolicited statement on behalf of Mr Gates, then still on duty in his post of deputy national security adviser to the president: "Allegations that Mr Robert Gates facilitated illegal shipments to Iraq during the 1980s are totally without basis."

Cameroon and other third world

Jimmy Burns in London A NUMBER of third world

stood to be Cameroon which is believed to hold a proportion of its foreign exchange reserves with BCCL BCCI branches in Cameroon

Cameroon's foreign

Under the terms of the CFA

hold up to 35 per cent of their foreign exchange holdings in currencies other than the

bank in Lagos.

The people of Scotland's remote Western Isles were yes-

cil with BCCI. Only 32,000 people live on the main Hebridean islands of Lewis, Harris, north and south Uist, Benbecula and Barra.

Worldwide roundup, Page 6

states face **BCCI** crisis

By Michael Holman and

governments could face a financial crisis following the shutdown of the Bank of Credit and Commerce International

The Bank of England confirmed yesterday that there was an unspecified amount of central bank funds in BCCL One of the most seriously affected countries is under-

as well as in Congo, Ivory Coast, Senegal and Sierra Leone were closed earlier this week after international alle-

gations of large-scale fraud.

Most of the 24 countries of
West and Central Africa are members of the CFA franc zone linked to France and the closures were coordinated by the zone's two central banks in Dakar and Yaounde.

exchange reserves are put at around \$80m, but only a pro-portion of this could have been deposited with BCCL Its external debt is about \$5bn.

arrangement, the government has limited control over where they are held. Monetary reserves of the CFA countries are normally held in French francs in the French Treasury. However, the zone's two central banks are authorised to

BCCT's biggest affiliate in sub-Saharan Africa, the 48-branch network in Nigeria which is 60 per cent locally owned, continues to operate with backing from the central

terday contemplating the financial catastrophe caused by the loss of £23m (\$37m) deposited by their local coun-

Many islanders are crofters. earning a living from fishing and sheep farming. On Lewis about 500 people work in fac-tories and at home making

to the EC was made amid mounting fears in Bosnia-Hercegovina that Mr Franjo Tudjman, the president of Croatia, and Mr Slobodan Milosevic, the president of Serbia, would try to end the ethnic violence in Croatia by redrawing Yugo-slavia's internal borders. Under plans being discussed informally between Serbia and Croatia, Serb-inhabited regions in Croatia would be attached to

will ask a mission of goodwill to come here. And if things escalate, we will ask for a team of observers to be sent," he

republic forcibly could under-mine five decades of peaceful co-existence between the republic's three largest ethnic

se include the Moslems.

today [Thursday] to him. We will present to him the situament

Any attempt to break up the

who make up 43 per cent of the 4.2m population, the Serbs (33 per cent) and the Croats (19 per cent). Political parties drawn from these nationalities form the republic's coalition govern-

Liubijana SLOVENIA Zagreb CROATIA BOSNIA

explained.

Mr Izetbegovic is leader of the (Moslem) Party for Demo-

Serbian nationalists and Croatian militiamen clashed in an eight-hour gunbattle that killed at least two peo-ple yesterday, doctors in a local hospital said, Reuter in Osijek, eastern Croatia, and Laura Silber in Belgrade Yugoslavia for weeks when more than 100 Croatian mil-

President of central Yugoslav republic fears carve-up by Serbia and Croatia

EC asked to help preserve Bosnia

They said three people were wounded in one of the flercest ethnic clashes in

itiamen surrounded a house in Osijek, a town about 90 miles northwest of Belgrade. Militiamen pumped hun-dreds of rounds of bullets

into the house and the Serbs fired back from inside. The building was shattered by machine gun fire. Page 2 cratic Action the republic's

The Moslems, who were granted the status of a separate nationality by the late President Tito, might decide to fight to preserve the territorial integrity of Bosnia-Hercegovina, rather than choose between living in a greater Croatía and a greater Serbia. Moslem leaders were yesterday not prepared to consider a solution which would leave them with a rump of the republic, however autonomous.

Mr Stjepan Kliuic, leader of the Croatlan Democratic Union (HDZ), Bosnia-Hercegovina's third-largest party, also

day about any possible break-up of the republic. "Only the members of the European Community can save Bosnia-Hercegovina from civil war. We have to internationalise the problem." he said.

The decision to appeal for international assistance was precipitated after the government in Sarajevo intercepted on Wednesday night a secret telex sent by the Serbian Democratic party (SDS), Bosnia-Hercegovina's second largest party, to all local councils throughout the republic.

The SDS ordered the councils to obey the call-up issued last week by the federal army, despite opposition to any mobilisation by the Bosnian government. Over 4,000 Bosnians have already refused to answer

"There is a strong connection between the SDS and Mr Milosevic," said Mr Kljuic. A government minister added: "By trying to send rein-forcements to the north-west of the republic, along the border with Croatia where the Serb minority is concentrated, the SDS, the federal army, and Milosevic are preparing to protect the Serbs in any major conflict, borders of a Greater Serbia." But Mr Velibor Ostojic, min-

ister of information and a member of the SDS's leadership, yesterday denied that his party was receiving direct instructions from Mr Milos-

Japanese golf services group hits rough

Continued from Page 1 ship this week is Y32.18m, down from Y34.9m at the end

Each day in Japanese financial newspapers, adjacent to the prices of companies listed on the Tokyo stock market, dealers such as Ginza Golf advertise the names of popular club memberships they have for sale and the names of clubs for which they have willing buyers.
The surge in the market

attracted well-known compa-nies into the business, including an affiliate of Bridgestone, the tyre maker, and a small company in central Tokyo which had been a maker of kimonos, but which found the trading of golf club member-ships far more lucrative. Golf club memberships played an important role in the

Nomura Securities and Nikko

By Peter Norman in London

THE meeting of President Mikhail Gorbachev and the

leaders of the world's biggest industrialised democracies

next week in London, will mark "the beginning of a new process of co-operation and dia-

logue" between the Soviet

Union and the Group of Seven countries, Mr John Major, the

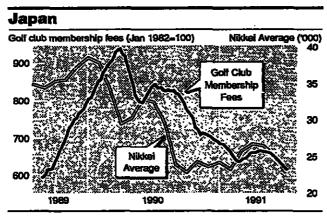
British prime minister, said

The host of the London eco-nomic summit said he expected a "framework" would be estab-

lished to follow up matters dis-

cussed after the summit

between the Soviet leader and



nies lent a total of Y36bn to a gangster group, Inagawakai, and also bought memberships worth Y4bn in a golf club, iwama Country Club, run by the gang, and raided by police

on Wednesday.

There are fears that the failure of Ginza Golf will be the first of many in the industry,

Major expects G7 meeting to

He said that the summit countries – the US, Japan, Germany, France, Britain, Can-ada and Italy – and the Euro-

pean Community, which also would be represented at the talks, wanted to consider prac-

tical ways to co-operate with

the Soviet Union in reforming its economy and integrating the Soviet Union into the

world economy.
The London summit will run

from Monday until Wednesday, and be followed that afternoon

and on Thursday by talks between the G7 and Mr Gorba-

Mr Major confirmed that the

set up 'new Soviet dialogue'

ship prices are used by a few

western powers would not con-sider large-scale financial assis-

tance for the Soviet Union. But

he said the summit govern-

ments were ready to assist in

framing property rights, in pri-vatisation and in providing

technical assistance. He prom-

ised the other world leaders

would listen carefully to Mr

Gorbachev's proposals for eco-

ensure that, not only do the Soviets pass legislation for eco-nomic reform, but also that

they implement that legisla-

tion so economic reform can actually come about," he said.

"We are very concerned to

as the decline in membership prices has been linked to the slide in both the stock and property markets, and to the unravelling of the era of specu-

At the same time, member-

The largest failure so far this year was Nanatomi, a stock

market, while some Japanese brokers suggest that the Nik-kei Golf Membership Index provides a handy guide to pos-sible fluctuations in the stock

speculator and property devel-oper, which had outstanding debts of Y300bn, and which, among other projects, was involved in golf course development. Japan's largest recorded failure was the Y520bn collapse of Sanko Steamship in 1985. Investment advisers special-

ising in golf memberships are now telling their clients to ensure that they buy into respectable clubs, making sure that there are no or, at most only a few gangsters on the register. The most expensive memberships, changing hands for around Y290m, are for clubs who limit the trading of their certificates to executives of

UK expected to cut rates

Continued from Page 1

ness to sanction a cut the fol-

lowing day.

Reflecting market expectations about an imminent rate cut, the three-month interbank rate, which shadows base rates, eased from about 111 per cent on Wednesday night to close at 11 per cent. Even before yesterday's

moves on the money market, today had been widely canvassed as a possible date for the latest UK rate cut, because of the news likely this morning of a further fall in inflation, as measured by the retail prices

The annual rate of rise in the index is expected to have declined to about 5.6 per cent last month, from 5.8 per cent in May. It will be the first time for months the index has not been distorted by one-off fac-tors such as the changes in value-added tax, petrol prices and

cuts in mortgage rates.

Any decision to cut rates will be preceded by further dis-cussions between Bank of England and Treasury officials on sterling's position in the European exchange rate mech-anism (ERM).

Last night, the pound stood at DM2.95, exactly on its central ERM position and nearly 1 pfennig up on the day, indicating that the currency could withstand a rate cut without

Sterling's ERM position was helped by the Bundesbank's decision not to increase rates, but it weakened against the dollar, closing at \$1.6085, down more than 1 cent.

Germany lowers its sights

The fact that the Bonn government leaked the results of yesterday's Bundesbank council meeting even before it was over suggests political factors were at work in its deci-sion to lower the M3 money supply target while leaving interest rates unchanged. A rise in official rates would have been particularly embar-rassing just before the G7 sum-mit, but that is not necessarily

the end of the story.
With M3 already running below its original target, there should be no immediate effect on monetary policy. In any case, the unification effect still means that any target is likely to appear a little arbitrary. But the lower M3 range leaves less room to accommodate higher inflation from now on, espe-

cially if the economy does not slow as much as expected. The danger for the Bundes-bank in raising rates too early is that it might have spiked its guns. It almost certainly wants flexibility for the autumn, when it will be trying to set the right chimate for the next wage round. That probably matters more than expecta-tions that tax increases will push July's inflation figure

over 4 per cent. An increase in official rates remains possible in August or September. But if it comes, it is now more likely to be driven by the money market rather than artificially induced. Mean-while, Mr Karl-Otto Pöhl has given the Bank of England a farewell present in the form of the chance to cut UK rates today, assuming it can overcome its distaste for timing cuts to coincide with lower inflation figures.

It was another bad day yesterday for companies on the borderline. Shares in ADT fell by 21 per cent, thus having managed to lose three quarters of their value in a year. Shares in Beazer fell 16 per cent, thus having lost two thirds of their value in six weeks.

In both cases, the cause of the latest fall was somewhat mysterious. But it rather ens that with both, investors in the US are starting to reach conclusions arrived at by their colleagues in the UK quite

some time ago.

Part of the problem with ADT was a profoundly tangled statement of quarterly profits from its shareholder Laidlaw the day before, apparently ascribing operating losses to ADT in the current year. According to ADT, this is sim-

ply wrong. The shares are

FT-SE Index: 2,510.5 (+2.1)

Asda

Share price relative to the FT-A Food Retailers Index

120

therefore presumably due for some recovery. Until the next time, that is.

It is a dismal illustration of Asda's plight that even the absence of a rights issue with yesterday's annual figures was worth only 1p on the share price. There is no escaping the impression that with net debt still at £872m, the company is

Denied both a cash call and any realistic prospect of sale and leaseback, it has to fall source of funds for the food retailer, a squeeze on stocks and creditors. With capital expenditure projected at little over £200m – a fraction of the sums being spent by the com-petition – it hopes that the business will be modestly cashpositive this year. But that is on the basis of almost zero expansion for the next two years, while the opposition is expanding at up to 10 per cent a year for the rest of the

Asda would argue that this is beside the point that including the Gateway purchase which landed it with all that debt, it has expanded by 85 per cent in three years and dou-bled its size in four. As time goes on, its stores will be progressively more elderly than those of Sainsbury or Tesco. of the benefits of modernisation, all they really mean is moving out of town into super-stores. Asda has been in superstores all along.

The snag about this comes in actual performance. Asda's operating margins fell last year, while its earnings and dividends were unchanged. Sainsbury, Tesco and Argyll all increased their margins and raised their dividends by 20 per

cent or more.

As for the future, Asda's claim to be able to hold its own on an unchanged hase against

on an unchanged base against expanding competition smacks slightly of desperation.

At yesterday's 89p, it is on little more than half the historic multiple of Tesco or Sainchang and Apparent. Sainsbury and on nearly three times the yield. It seems the market does not give it much of a chance either.

Rank

The Rank Organisation seems determined not to give much away in its interim state ment about how well it has absorbed its £470m acquisition of Mecca. The impression is that the recession has been more of a problem, although even here the picture is mixed, with the lower end of the mar-ket such as bingo and, surpris-ingly, caravan sales holding

Still, the 30 per cent fall to its would have been greater without a larger than expected contribution from Rank Xerox. The sting in the tail is the rise in the tax rate to 45 per cent from 34 per cent in last year's first half. Only part of this reflects the distortion from taxfree bond-redemption profits in the previous period.

Another factor is the possi-ble incidence of unrecoverable ACT. The higher tax charge is again likely to depress earnings per share in what promises to be a rather lacklustre second half.

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EDS/SD-Scicon

EDS cannot force institu-tions to offload their holdings in SD-Scicon at its bid price of 45p a share if they are determined not to sell, but that does not automatically mean the price is too low. It appears to have been chosen to establish a respectable premium overthe initial 37p offered by an opportunistic Cray Electronics rather than on the basis of any objective valuation of the com-

The trouble is that such a valuation is difficult while it ns imcertain bo con will finally resolve its problem with loss-making fixed-price contracts. EDS has as much chance of being right as SD-Scicon's advisers, who suggest that a fair price would be in the region of 90p. Institu-tions still holding out on the basis of the latter ass might ponder why no other bidders have shown their hand. In the end, the company is worth what a buyer will pay.

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ritain's boardrooms have come in for some stiff criticism recently about the amount of money they are awarding the executives who run the nation's biggest companies.

Much of the criticism has been

emotive, but, at a time of recession and calls for wage restraint, it has struck a chord with many sections of society. For the most part, indus-try has been flat-footed in its response to the public outcry over top people's pay.

Most industrial leaders have been unable to adduce evidence to sup-port the current levels of board room pay. Although it has spoken about pay for performance, it has not been able to demonstrate a convincing link between the two. Evidence from surveys, academic studies and elsewhere suggests that

it may have difficulty in doing so.
"Pay for performance" has become the cry of those wishing to justify large pay packets and large pay increases and bonuses. Yet, as a recent FT analysis of top pay showed, performance has not risen at anywhere near the same rate of

increase as has top pay.

The total remuneration (salary and bonus, but excluding the value of share options) of the highest paid executive in 70 of the 100 FT-SE 100 share index companies, rose 351 per cent in the 10 years from 1981 until 1990. Over the same period, earnings per share (EPS) of those

Time for directors to think long-term companies rose 166 per cent and the retail prices index rose by 68 per cent. The FT's sample if anything understates the rise in top pay. As

excludes privatised companies. A forthcoming study by two academics at the University of Manchester Business School — to be Employee Relations – also casts doubt upon the relationship between top pay and corporate financial performance. Terry Sul-livan and Paul Bottomley, studied a cross-section of 147 companies in the UK electrical and office goods

manufacturing industry.

They looked at pay in relation to four performance measures: rate of return on capital employed, net profit margin, the ratio of labour costs to total costs and output per person employed.

Sullivan and Bottomley found a very poor "fit" between pay on the one hand and the rate of return on capital employed and net profit margin. "There is no statistically significant association between the performance of the firm as measured by [these] market-determined variables," they write. They did find, however, a good



relationship between pay and companies' output per person and their ratio of labour costs to total costs. These variables should reflect more accurately differences of quality in the structure of management

and organisation of the firm."

So what is the bottom line of the Manchester study? "It can never be

high performance or whether highperforming firms are willing to mance with their employees. But if highly-paid managers do anything, they influence internal firm performance rather than external business ratios.

A recent survey of boardroom clear whether high pay leads to practice by Korn/Ferry Interna-

pany, shows that 81 per cent of the 196 companies (selected from The Times 1,000) have an incentive bonus plan for their top executives. The two most popular measures of performance, across all sizes of company, are EPS growth and pretax profits. Coming a distant third and fourth are "qualitative job-re-

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lated targets" and return on capital.
Yet here the short-termism of industry is underlined. In only 13 per cent of cases is performance measured over more than one year. (For companies with a turnover exceeding £500m, slightly more companies, 20 per cent, extend the time horizon to more than one year.) Where performance is measured over a longer time frame the

most common is three years. The Korn/Ferry findings have to be some of the most damning that have been produced recently. Given what Peter Morgan, director general of the Institute of Directors, had to say last week at the Institute of Economic Affairs could form the basis for a push by the IoD to encourage reform.

In his speech Morgan laid down some sensible guidelines for execu-tive compensation. The first of these was that top pay should be decided by a committee of the board which consists solely of independent directors. With this primary rule in place he then set out five criteria by which that committee

should determine top pay:

Size of company. Nature of the industry. Position in the company and the

job to be done.

Track record and previous position of appointee.

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vant job market, both domestically

and internationally.

Morgan stated forcefully his view that in paying for performance companies should make stock options the crucial component

"However unfair and problemati-cal this may be [they are] the direct link between the interests of the shareholder and executive."

(But as some pay specialists have noted, while companies argue that their executives should tough it out cause options are a long-term incentive the rather short-term attitudes of some managers do not

respond to that.)
He pointed out that while bonus schemes may be effective they can promote short-termism. Morgan said bonus schemes needed to focus upon the executive's contribution to the company over the longer term.

"The bonus should not be an add-on to an otherwise splendid salary. Variable compensation should be a significant component element of planned compensation and totally dependent on achievement of objectives."

Simon Holberton

*Boards of directors study UK, Korn|Ferry International, 12 Buck-ingham St, London WC2N 6DF.

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ACCOUNTANCY COLUMN

Price Waterhouse and the BCCI jigsaw

By David Waller

baptism of fire since he took over the reins as senior partner of Price Waterhouse on Monday last week.

His first days in office were spent dealing with the aftermath of PW's first large redundancy programme. On the fifth day – Friday – the Bank of England co-ordinated a worldwide swoop to close down the Bank of Credit and Commerce International. BCCI had been a PW audit client

since early 1998. Since then, PW has signed off three sets of accounts. Nowhere in the opinions that the firm gave on the accounts for 1987, 1988 and 1969 did PW draw attention to the alleged frauds in BCCI's treasury and lending departments which led to the Bank's drastic action last week. The 1987 accounts were unqualified.

The 1988 accounts were qualified, but only because of the drug-laundering court proceedings in Florida. Mr Leigh-Pemberton, Governor of the Bank of England, said this had no bearing on the decision to close BCCL The audit opinion in the 1989 accounts was not qualified but did contain a reference to the note 1, which mentions that the government of Abu Dhabi took a 77 per cent stake in the bank and undertook to "maintain the group's capital base while the reorganisation and restructuring necssary for its continuing development

is undertaken". Mr Brindle, in an interview in this Monday's Financial Times, argued it was obvious that the government of Abu Dhabi would not have taken such

afoot at BCCI. However, the rest of the note deals

MR Ian Brindle has undergone a with mundane accounting matters and the lay reader of the accounts may be forgiven for missing the sig-

nificance of those developments.

In the interview, Mr Brindle went on to describe the alleged fraud in colourful terms. It was, he said, "like a huge jigsaw where you don't have the picture, just the pieces sitting there, thousands of pieces. Over time you get an idea of what the picture looks like but it gets ever more diffi-cult. You are dealing with deception and manipulation of information both inside and outside the company.

"You can't go around qualifying the accounts of a bank without creating all sorts of problems, without the whole thing collapsing"

Wherever you turn, whatever you are looking at, all is unreal. You are living in a world of unreality."

Close observers of the accountancy

scene will be amazed at Mr Brindle's frankness, which contrasts not only with the tight-lipped approach of most firms when fraud is at issue, but also with the rather more diffident style of Sir Jeffrey Bowman, his patrician

However, the thousands of increas ingly frustrated and angry small businessmen around the world who bank with BCCI are not going to be satisfied merely with colourful language. They will want to know how long PW has known about the alleged fraud and, if it has been in the know for a

long time, why the firm did not blow the whistle earlier.

Earlier this week, Mr Brindle said that PW had maintained prompt, regular and full" contact with regula-tors from before the time it took over the audit in 1988. Furthermore, he made it clear that PW had become aware of serious irregularities at BCCI long before March this year when the firm was appointed by the Bank of England to investigate BCCI's affairs under Section 41 of the Banking Act. The results of that investiga-tion were passed to the Bank in June and led to the closure of BCCI last

Mr Brindle was not specific about what suspicions were aroused when, but it is clear that the process of building the jigsaw began long before a squad of 10 senior accountants began its formal investigation for the Bank in March.

Programmably DW had serious con-

Presumably PW had serious con cerns before the unqualified 1989 accounts were signed off. Mr Brindle said that it was impossible to give an explicit warning in the audit opinion as this would lead to an immediate and dramatic loss of confidence in the bank. The resulting run on the bank

would arguably have been more cha-otic than what happened last Friday.

"Have you ever heard of a bank being qualified?" he said earlier this week. "You simply can't go around qualifying the accounts of a bank without creeting all counts of mobbens without creating all sorts of problems, without the whole thing collapsing. You have to work closely with the regulators as to how to handle the situation".

He argued that the delay between

first suspicions and the closure of the bank was attributable to the difficulty of gathering evidence to the level of proof required for the Bank to take action under the Banking Act. He said that even now, the jigsaw was far from complete – and indicated that the full picture may never become

The exasperation and anger felt by those whose businesses are failing as a result of the closure is wholly understandable. But whether they could have expected more from PW will not emerge for some time.

Discovery that a material mis-statement does exist is not necessarily evidence of inadequate planning, performance or evaluation

The legal responsibilities of auditors in respect of fraud are very much at odds with public expectations. Under company law auditors are obliged simply to form an opinion as to whether a set of accounts is true and fair. They are not obliged to find

fraud. Nor are they even required to report fraud to regulators. Clearly, a big fraud may render a set of accounts anything but true and fair. However, the auditor is under no obligation greater than to plan, per-form and evaluate his work to enable him to have a reasonable expectation of detecting material mis-statements which could impinge on the truth and fairness of the accounts.

What is deemed reasonable will

The auditor is not, for example, espected to establish the authenticity of documents and is entitled to put some faith in the integrity of senior management, although the audit ought to be conducted with a degree of profes

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Audit procedures may be effective in picking up an unintentional mis-statement, but the same procedures

statement, but the same procedures
may fall where there is intention it
mislead — especially when there is
collusion between senior management
within the company and outsiders.

"The auditor's opinion on the financial statements is based on the concept of reasonable assurance," says
one authority on auditing. "His report
does not constitute a guarantee that one anthority on auditing. His hapor-does not constitute a guarantee that the financial statements are free of mis-statement. The subsequent dis-covery that a material mis-statement does exist is not necessarily evidence of inadequate planning, performance or evaluation on the part of the

Auditors have a duty of confidenti-ality to their clients and the only cir-cumstances under which they are under a categorical obligation to over-ride that duty is when they discover treason or evidence of terrorist offences connected with Northern

The Banking Act 1987 - which govrine ranking Act 1867 — which governs the audit of banks — gives them a right, but not a duly, to contact regulators when fraud is discovered.

PW seems to have exercised that right from a very early stage. It did blow the whistle — but not so loudly that anyone but the regulators could

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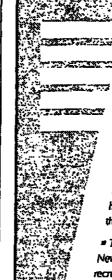
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 Applications for our client's post should be made it writing with a full CV and remuneration details by Friday, 25 July, quoting reference R206 to Derran Sewell, Ernst & You Corporate Resources, Lowry House, 17 Marble Str.

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0

Enterprise Oil is the UK's largest independent oil and gas exploration and production company. Since its floration in 1984 it has grown significantly: daily production levels have increased fourfold and reserves are now approaching 1 billion barrels of oil equivalent. From its original UK base, the company has expanded into serveral overseas locations, notably Norway, Italy, Indonesia and Vietnam. Further expansion is anticipated. Two challenging appointments in joint venture audit are now available.

JOINT VENTURE AUDIT SUPERVISOR

You will be responsible for supervising a team of joint venture auditors and for planning, co-ordinating, conduction and participating in audits in the UK, Europe and elsewhere. You will be responsible for preparing and reviewing audit reports and ensuring that issues raised are satisfactorily settled.

Demonstrable leadership ability and communications skills are essential, as is prior experience of joint venture in the industry. This is an ideal career move for an accountant with at least one year's post qualification experience.

JOINT VENTURE AUDITOR

This appointment offers the opportunity to gain valuable joint venture audit experience, creating an excellent platform for career progression

within the company. You will be responsible for carrying out audit assignments in the UK, Europe and elsewhere. The successful applicant will probably be a recently qualified accountant though candidates with Joint Venture auditing experience will definitely be considered.

For a detailed and confidential discussion contact Paul Goodman on (quoting reference 1003) 071-387 5400 (at home on 081-455 0666) or John Bowman (at home on 0474 874473) or write to them enclosing a detailed curriculum vitae at Financial Selection Services, Drayton House, Gordon Street, Landon WC1H 0AN.



DRAYTON HOUSE, GORDON STREET, LONDON WC1H OAN. TEL: 071-387 5400. FAX: 071-388 0857

Dixons Group plc

GROUP TAXATION MANAGER

Over £50,000 + Benefits

- Central London

Dixons Group plc, one of the world's leading retailers of consumer electronics, is seeking a dynamic manager to establish an in-house tax function to conduct the tax affairs of the Group on a highly proactive basis. With total sales of £1.7 billion, the Group has a significant presence in both the UK and US retail markets and has extensive property development interests in several European

This new position will involve all aspects of taxation, including tax planning, special projects, general tax management and liaising with senior managers across the Group.

The successful candidate will be a qualified Chartered Accountant (ideally also ATII qualified), with a first class academic background and an outstanding record of achievement. The candidate should have a minimum of four years tax experience in a major accountancy practice or an international group. Experience of handling major tax projects is essential, with good exposure to international tax. Excellent interpersonal and communications skills coupled with a strong commercial awareness are fundamental.

The rewards, both long and short term, are first class.

Please reply in confidence, enclosing a full CV to R E Andrews, Group Personnel Director, Dixons Group plc, 29 Farm Street, London, W1X 7RD.

Financial Controller

High Volume Production

South Coast,

c £33,000, Bonus, Car, Benefits

This is a superb opportunity for an ambitious young Accountant to join the management team of a wellestablished, medium-sized, private company.

Reporting directly to the Managing Director, you will assume full responsibility for the company's financial affairs. It is thus essential that you are a fully qualified Accountant with several years experience as either Financial Controller or Senior Management Accountant in a manufacturing company operating MRPIL You will probably be in your early 30's.

Whilst a knowledge of computer based MIS and experience of acquisitions would be distinct advantages, more important is your ability to couple hard-headed cost controls on the one hand with commercial flair on the other. A demanding position certainly, but one that is matched by the benefits package, which includes a company pension, private healthcare and relocation assistance where appropriate.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, P.R. Boyle, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QP, 0753-850851, Fax: 0753-853339, quoting

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, RDINBURGH, LIEDS, LONDON, MANCHESTER, NEWCASTLE, WINDSOR and EUROPE

£70,000 package Manufacturing and Sales - Global Plc

SW of London

Finance Director

Profitable c. \$130 million T/O Company, part of a major business group of a highly successful top 100 multi-national, is a world leader in its chosen markets with manufacturing and sales operations in the UK, Continental Europe, USA and Far East. A commercially orientated finance professional is now sought to join the small UK based head office management team planning and implementing a growth strategy for the 1990s. Frequent international travel and excellent career prospects.

- Reporting to the MD with full responsibility for the finance and IT functions. Close involvement with line management in business planning and reviews to optimise performance.
- Particular scope to review product and manufacturing costing, capital expenditure and investment decisions to expand capacity and to upgrade worldwide IT systems.
- Key member of strategic management team. Identifying and evaluating acquisitions, joint ventures and third party co-operative

London 071-973 0889

Manchester 061-941 3818

Selector Europe

- Graduate, ACA/ACMA, probably in their 40's, with manufacturing experience. Probably Financial Controller/Director of a significant international business.
- Highly commercial and marker-focused orientation. Good IT

Personable and able communicator and influencer. A team player, highly numerate with an agile and flexible mind. Free to

Piesse reply, enclosing full details to: Selector Europe, Ref F242041L, 16 Commught Piace, London, W2 2ED.

Managing change as a commercial team player with considerable personal growth opportunity for an ambitious...

FINANCE DIRECTOR

Midlands

This is a senior, high profile position for a substantial division of a major British plc where an immediate impact on both the appointees and the company's future can be made. The opportunities for improved financial performance are substantial and the recently appointed Divisional Chief Executive has identified a need for a Finance Director to enhance the management team and make a significant contribution to this consumer service

Reporting to the Divisional Chief Executive, the successful candidate will be part of a very small central management team which is concerned not only with the monitoring of the existing business but also its future strategic development. The skill and experience our client seeks is simple yet totally demanding; aged between 32-40 you will more than likely be a Chartered Accountant and will have had

first class training from one of the country's leading practices before entering commerce or industry. Detailed profit and cash forecasting, management information systems, budgetary control and multisite accounting you will treat as second nature for this central team is no "ivory tower", it is a totally "hands-on" working environment. Considerable emphasis is being placed on people management to build a strong finance team.

Together with an excellent base salary as indicated above, a substantial benefits package will also be negotiated with the successful candidate. To progress your interest further, simply send your upto-date career details or telephone for an informal conversation to: James Beddington at Read & Associates, 17 Hope Street, Liverpool, Li 9BQ. Tel: 051 707 0100 quoting reference number 127. Confidentiality is assured.

READ & ASSOCIATES

Finance and Compliance Officer.

City £35,000 + Benefits

Dongsuh International (Europe) Ltd. is to be newly

established as a wholly owned international subsidiary

of Dongsuh Securities Co., Ltd. which is a top ranking securities house in Korea. The company will be

growing fast as a strategic center for the expansion of

international capital market operations in Europe. The

company now wishes to recruit a Finance and

Compliance Officer.

SENIOR ACCOUNTANT

M4 Corridor

Age 25-35 years

c £27,000+Bonus+f/e Car

This high profile organisation is a dynamic subsidiary of a worldwide group. It is a market leader in its field within the software industry. Substantial growth in turnover has been achieved over successive years and is forecast to continue at an impressive rate. As a result of expansion of the Consulting division within the UK and into other European countries, there is a requirement for an individual to establish and manage the finance function for this division.

The successful candidate will be educated ideally to degree standard and will be a fully qualified accountant of any UK institute. Commercial experience is a pre-requisite and this will preferably have been gained within the hi-tech sector. A second European language would be desirable but is not essential.

The role encompasses all aspects of financial and management accounting together with considerable emphasis on the definition and implementation of financial and management reporting systems. Personality is as important as experience: the successful individual will have excellent communication skills, be extrovert and determined to succeed.

The benefits package includes private health care, life cover and contributory pension scheme. The bonus element of salary is based solely on personal performance.

For further information please telephone Andrea Black on (0753) 831515, or write enclosing a brief CV to the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS 4a High Street Windsor SL4 1LD hone: (0753) 831515 Pax: (0753) 831171

GROUP FINANCIAL CONTROLLER

Northern Home Counties

SPECK

Abingdon, Oxon

market share in its targeted ereas.

travel will be required.

Peek plc is an expanding international electronics company specialising in traffic and field data systems. Turnover in

expected this year. The business is young, profitable and highly acquisitive with a well developed strategy and strong

Director and is a key member of the Abingdon based corporate team. You will be closely involved with individual companies concentrating on effective financial controls and MIS as well as have considerable scope to be an active

1990 reached £70m and further significant growth is

The Group Financial Controller reports to the Finance

participant in acquisition strategy and implementation.

Specific tasks will cover group reporting and control, treasury, capital expenditure appraisal, planning and tax involving liaison with external advisors. Some international

With a turnover in excess of £300m this major UK printing and packaging group currently operates as a highly successful and profitable performer in a fiercely competitive market place. Anticipating continued expansion they now seek to strengthen their senior management team with the appointment of an outstanding Group Financial Controller.

The Group has adopted the highest standards of financial reporting and control which you will be expected to maintain and improve. Managing through 11 staff you will be responsible for the preparation and review of the Group's statutory and head office accounts, Group consolidation, treasury and the custodianship of the Group's accounting standards. In addition you will be expected to make a commercial input at Board level and to operate as a key link between 10 subsidiary financial directors and the Group financial function.

c£50,000+Car+25% Bonus+Share Option **ACA**

In your 30's or early 40's and a qualified ACA, you will probably be performing a similar role at a divisional level in a manufacturing, multi-site operation and will be now looking for a bigger challenge in a dynamic and fast moving organization.

Charismatic and capable of being developed into a Deputy Financial Director we are searching for a natural team leader able to influence and make an impact in an exciting yet tough environment. This represents a unique opportunity to impose your personality and skills within a highly ambitious results driven company.

The package will include a competitive base salary, fully expensed company car, bonus, equity participation and other senior executive benefits. If you feel you have the qualities that this company are looking for please write to Simon Hewitt, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES

RECRUITMENT CONSULTANTS Queens House 1 Leicester Place London WC2H 7BI

ACCOUNTANTS...join Britain's most exciting professional group.

Our client, The CharterGroup Partnership is the exclusive network of firms of Chartered Accountants which is backed by the resources of Professional Enterprise Group Pic. They now The package includes, a salary negotiable to £30K, company car, private medical insurance and company pension scheme. seek a Quality Control Manager to conduct on-site quality control reviews to ensure all member firms are working to the highest professional standards. Other duties include involvement with training courses and technical support.

The appointee will be a qualified chartered accountant, probably aged 28-32, with a minimum of 2 years PQE within the profession. Strong auditing skills, large and small firm experience and excellent technical knowledge a

experience and excellent recruircal knowledge essential. Personal characteristics sought include outstanding written and oral communication skills, a tactfully persuasive manner, commercial flair, a high degree of sell motivation and excellent health.



QUALITY CONTROL MANAGER

Opportunities for advancement within this young, growing company

To apply write with CV and current salary details to Peter Page, Director, Anderson Smith, Management Personnel Ltd, 50 Bridge Street, Northampton, NN1 1PA quoting ref PP/18.

Anderson Smith EXECUTIVE SELECTION & SEARCH NORTHAMPTON CATERHAM



You are likely to be a graduate ACA aged 32-40 with

manufacturing experience at corporate or divisional level exposure. You will be commercial, computer literate and both proactive and analytical in approach. A knowledge of group consolidations and published accounts will be required and you must be an effective man manager. Acquisitions experience would be particularly useful. Your personal skills will include presence and maturity, the ability to handle complex issues calmly in a changing environment, good communications aptitude, persuasiveness and the desire to contribute in a successful company which has an open style and recognises that work should be fun.

c.£45,000 + bonus + car + options

Please reply in confidence, giving concise career, personal and salary details to Brendan Keelan, quoting Ref. L592.

Egor Executive Selection 58 St. James's Street London SW1A 1LD

 $\textbf{United Kingdom} \cdot \textbf{Belgium} \cdot \textbf{Denmark} \cdot \textbf{France} \cdot \textbf{Germany} \cdot \textbf{Italy} \cdot \textbf{Netherlands} \cdot \textbf{Portugal} \cdot \textbf{Spain} \cdot \textbf{Sweden}$

Financial Accountant

(Finance Director Designate)

East Anglia c.£30,000-35,000+car+benefits

Our client is a manufacturer of upholstery with a chain of branded retail outlets in the Midlands and South East England.

This is a new appointment resulting from the company's organic and planned future growth. The Financial Accountant/Finance Director Designate will be responsible for the production and delivery of financial management accounts, budgets and forecasts to the Board. He or she will also be responsible for the implementation and development of a new computer system especially designed for the furniture manufacturing and retailing industry.

The ideal candidate will be an energetic, hands-on qualified accountant with experience in retailing and/or manufacturing. A demonstrably high level of achievement is expected in their career to date, together with a real desire to develop their future with a fast expanding

Please write, in confidence, enclosing two copies of your curriculum vitae to: James Forte quoting reference M6777/F.

Our client will have sight of all applications, therefore please list clearly any companies to whom you do not wish your CV to be sent.

KPMG Selection & Search

FINANCIAL CONTROLLER £20k+ BENEFITS

Leading silver jewellery & gifts manufacturer requires financial controller to take responsibility for its accounting & financial management. Candidates should have management accounting qualifications, and some practical experience.

> C.V.s to: Suite 1, Scott House, Admirals Way, Marsh Wall, London E14 1AA

CREDIT EXECUTIVE SAL: £25-30K+BENEFITS

Merchant Bank requires Credit Executive within their asset finance department. Credit analysis, finance evaluation, credit re-structuring and preparation of secured finance documentation all essential. 2 years practical experience expected with emphasis on tax based finance, Grounding in English company law and accountancy

> C.V. to: Suite 1, Scott House, Admirals Way, Marsh Wall, London, E14 1AA. Ref: HSI

Finance Director

Salary package to £60,000 p.a.

Sustained growth and profitability in the telecommunications industry takes more than technical excellence. It takes outstanding business skill and financial control. It takes a willingness to explore new ideas, products and markets. Above all, it takes the ability to reconcile shortterm objectives with long-term strategic goals.

These are the strengths that have made our client into a successful international supplier of advanced telecommunications services - and the strengths that you will build upon as Finance Director.

In this high profile role, you will give shape and direction to a strategic expansion programme designed to transform our client into the dominant force in a variety of global markets. To this end, you will advise the Managing Director on all financial matters relating to the company's operations. You will also help to formulate business strategy and financial objectives, determine the company's overall financial structure and methods of financing, and maintain a highly effective accounting function.

You will need an appropriate degree, a recognised accountancy qualification, and a minimum of ten years' postqualification experience. This must include at least five years'

experience at a senior level in the financial management function of a leading I.T. company, ideally in the field of Solid man-management experience is essential as you will

actively develop the structure, culture and growth of your team. You should also be familiar with the internal workings of a large, complex organisation. The rewards, like the challenges, are substantial. In addition

to a salary package of up to £60,000 you will receive an executive benefits package including company car, contributory pension scheme, and private medical insurance. You will be based in outer London, and relocation assistance will be considered where appropriate.

If you have the personal qualities and the weight of experience to influence the growth and development of a truly innovative business organisation, please contact Stewart Wright, Consultant, Austin Knight Selection, 20 Soho Square, London WIA 1DS. Alternatively you can telephone him on 071 439 5780 (071 494 1093). Please quote reference number 319/SW/91.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should. be listed in a covering letter.

INTERNATIONAL CONTROLLER (FCCA)

having over 20 years experience in finance and accounting with major international companies seeks position as Controller/Finance Director. Hands-on, motivating manager with detailed experience of leading the finance, treasury and MIS functions in a pan-European environment with both European and US organisations. Flexible as to location.

Please write to Box A359 Financial Times, One Southwark Bridge, London SE1 9HL.

APPOINTMENTS WANTED

FCA aged 46, ex PLC Finance Director and P W Management Consultant. International experience Seeks new challenge. Title not important, nor location. Experienced in Financial, Treasury, Troubleshooting Acquisition & Disposal. Presently underemployed in Property Company! References available

Write Box No: A1569 Financial Times, One Southwark Bridge, London SE1 SHL

This position will be expected to deal with allaccounting operations while maintaining systems to ensure the relevant legal compliance requirements as: currently given by SFA. The ideal candidate will be a qualified accountant with some professional working experience gained in ... compliance. Personal qualities must include strong

and the ability to help set up a new operation in a small team for a long-team career. Age will not be a significant factor, but the successful candidates are likely to be in their 20's - 30's. Please write in strict confidence with full personal, career and salary information to the address below.

communication and administration skills, enthusiasm

Dongsuh Securities Co., Limited 43 London Wali LONDON EC2M 5TB.

The Financial Times proposes to publish

The Pensions Management Institute examination results

on

Wednesday 17th July 1991

For further information please contact Stephanie Spratt on 071 873 4027

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FINANCE DIRECTOR

West Sussex

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c. £55,000 + car, bonus, options

Our clients are leading suppliers of fresh produce in the UK and have demonstrated an impressive record of long term and profitable growth. Turnover in the current financial year is projected to reach £130m. They supply all the major multiples and have a national network of wholesale operations to service the independent retailer. They now wish to appoint a high calibre Finance Director who will report to the Executive Chairman and play a central part in their next phase of development.

The role consists of an interesting mix of "hands on" financial management with significant commercial involvement and contribution to strategic development. An important initial responsibility will be to review and strengthen financial controls and management information systems in line with company growth The Finance Director will play a

key part in future business development, in particular acquisitions and start ups in the UK and Europe.

Candidates must be qualified accountants. preferably aged mid 30's to late 40's, technically sound and with experience of senior financial management. This will have been in a fast moving environment and will ideally have included multi-site operations. They will have the ability to identify and assess commercial opportunities and the strength of personality to thrive in a robust entrepreneurial

If you meet these demanding criteria please send a comprehensive Curriculum Vitae, including current salary, to: Chris Rose, Touche Ross Executive Selection, Carlton House, Carlton Place, Southampton, SO1 2DZ. Tel: 0703 334124, quoting reference CRR107.

Touche



General Manager - Finance

Promoting Britain - Promoting Services

City

£30-35,000 Qualified or p/qualified

Our client is a service orientated company primarily funded by City Institutions and with close links with

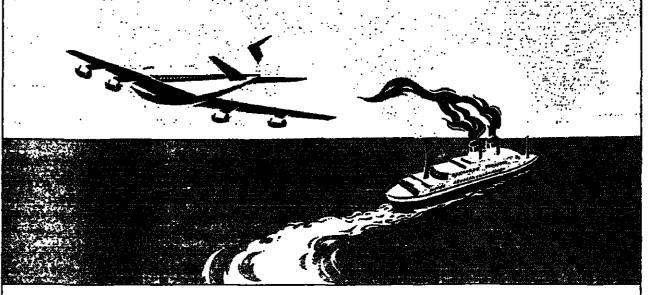
Reporting to the Director General, the successful candidate must be able to communicate effectively both within a small team and with leading businessmen as the need arises. There is considerable scope for involvement in policy formulation, marketing, business analysis and development. Responsibilities include the implementation and maintenance of controls, the production of accounts and management Information, cash flow, supervision of the bookkeeping function as well as company secretarial and office

If you are seeking a job in a stimulating environment with an organisation operating in a sector vital to the economy, within both a domestic and international environment, this position will be of interest. Age is not a factor in the selection process.

Interested candidates should send their CV's including present remuneration, day and home telephone numbers to James Forte, quoting reference B2001/F, at the address below. Since the client may have sight of applications, please list any organisations to whom an application should not be disclosed.

G Selection & Search

QUALIFIED ACCOUNTANTS



After six months' training we'll be happy to see the back of you

If you have the personal strengths and professional qualities Lto succeed in a career overseas, the leading international tobacco business offers superb training and many rewards. Within six months you'll have the expertise for your first international posting - and a package that includes an excellent salary, free accommodation and paid school fees.

Of course, the demands are great. As a young accountant you will be carefully groomed to run and then manage our business. Over a number of years, in different countries, you'll have to quickly acquire a unique corporate culture in environments as colourful as Asia, Africa, the Far East and the Americas.

Very few professionals can do it. To excel overseas you'll have to be technically outstanding, instinctively gregarious and socially skilled. When you're in your 30's, we'll expect you to be Financial Director of one of our 40 companies, contributing to a worldwide turnover that already exceeds £3 billion. With continual development, and a series of international postings. the highest positions in our overseas operation will be within reach.

If you're currently a graduate Accountant (CIMA or ACA) aged under 28, with the personal resilience, mature outlook and linguistic ability to succeed in our business, get going. Write in confidence with your CV to: Bianca Coulter, K/F Associates. Pepys House, 12 Buckingham Street, London WC2N 6DF.



Financial Controller

The principal operating business of a £multi-million plc, my client has achieved spectacular sales and profit thanks to superior performance founded on excellent customer service.

As a result of this growth, it is time to devolve more support functions from the corporate centre to this core business division. Professional, disciplined financial management and efficient accounting & information systems are already established. To carry this over into the new, de-centralised function, now requires the appointment of a high calibre accountant to lead and

A graduate, professionally qualified and probably still in your early 30's, you will have proven skills gained from experience in a multi-site, large turnover, blue-chip organisation, where high volume transaction processing is carried out on sophisticated systems.

Demonstrable success in developing accounting and management information systems, a strong analytical ability and well rounded skills in managing people and workflows will match your professional prowess. Excellent communication, influencing and other interpersonal skills will enable you to quickly establish credibility and implement change in a demanding environment.

The reward package reflects the importance of the role. Send your CV (including remuneration details) to me Andrew Burke, Macmillan Davies Consultants, Salisbury House, Bluecoats, Hertford, Herts. SG14 1PU.

c. £38,000 plus car & excellent benefits

East Midlands



Macmillan Davies

Qualified Accountant C. London

c.£37,500 + Car + Benefits

Impacting directly on major corporate decisions within a £billion British commercial group, this is a rare opportunity to make your mark.

Ambitious

Contributing at a tactical and strategic level, your responsibilities will range from financial control and monitoring to the review and enhancement of financial and management information systems.

This is an extremely visible position demanding considerable drive and personality. Working within a young ambitious team, you will need an excellent track record in financial management, proven technical skill, including a good appreciation of manual and computerised systems, and a high degree of business acumen.

For anyone with the ambition and potential, this position offers outstanding prospects for rapid career progression. Other rewards include an excellent, negotiable salary, a quality car and many other large company benefits.

Write with full CV and daytime telephone number to Patrick Donnelly quoting reference FT/085.

MANAGEMENT - SELECTION 314/316 Vanxhall Bridge Road, London SW1V 1AA. Tel: 071-828 2273.

FINANCIAL CONTROLLER

London We are a UK based international trading group occupying a unique position in our industry, with subsidiary companies in Europe, North America, Australia and the Far East. Our annual tumover is approximately \$100 million.

Our main operating company currently needs to recruit an experienced qualified accountant to be based at our head office in London. You should be a self-starter, have had several years gractical experience of financial control in multi-currency operations, be a good and effective manager, and be prepared to adopt a "sleeves rolled up" approach to work. You should ideally have had exposure to a trading environment and be familiar with the financing techniques used

You should also have had experience of implementing and upgrading computer systems.

You will, in due course, be expected to assist and deputise for the Group Finance Director and play an increasingly active roll in the overall management of the Group. Some degree of oversees travel will be involved.

The position carries a remuneration package in the region of £35,000. Age is not necessarily a limiting tactor, but we feel that it is unlikely that anyone less than 35 years of age will have had the required depth of experience for this role.

Please send a comprehensive CV, together with details of current salary, to:

Box A406 Financial Times. One Southwark Bridge,



THE UNITED MEDICAL & DENTAL SCHOOLS

GUY'S & ST THOMAS'S HOSPITALS (UNIVERSITY OF LONDON)

Director of Finance c. £40,000 pa incl.

This major medical and dental school is seeking a Director of Finance to take responsibility for the provision of financial services to the School and, equally importantly, to play a front line role in its management. This is a demanding post calling for someone with the drive and initiative to get things done in a complex environment. Applicants must be qualified accountants and able to demonstrate well-developed management skills.

The School employs some 1450 clinical and non-clinical staff and has an annual turnover of c £50m.

Further details of the post are available from the Personnel Officer, UMDS Personnel Department, Medical School Office, St Thomas's Campus, Lambeth Palace Road, London SE1 7EH tel: 071-922 8049 (24 hour answerphone), quoting ref G/CA/741. Closing date: Friday 26 July 1991.

STAND OUT FROM THE CROWD **DIRECTORS**

Maximise your potential in tomorrow's employment market



Demand more than well meaning Career Counselling or Outplacement advice. Insist on real direction in your job search based on current market intelligence. Our subsidiary InterMex works with over 2000 recruiters gaining access to 6000 unadvertised vacancies annually - mostly in the £40,000-£200,000 bracket. InterMex makes recommendations for these vacancies - without charge to

Telephone Keith Mitchell to arrange an exploratory meeting without obligation

Landseer House 19 Charing Cross Road London WC2H 0ES Fax: 071-930 5048

XEC PLC - means much more

Top Opportunities

appears every Wednesday For advertising information call:

Elizabeth Arthur 071-873 3894 Stephanie Spratt 071-873 4027

Rentokil

Group Financial Controller

\$40 - 45.000 + Executive Car + Benefits

Rentokil is one of the world's leading services companies operating in over 40 countries and having an enviable long-term record of profits growth. The company has recently become a member of the FTSE 100.

This continued growth has created the need for a Group Financial Controller to report to the Group Finance Director. You will have full responsibility for the consolidation of Group figures for long range plans, budgets and monthly/ quarterly reviews in addition to preparing the monthly management accounts and commentary for the Group Board and attending the quarterly reviews.

Candidates, probably aged around 35, must have a recognised accounting

qualification and experience in consolidation and financial accounting at the head office of a major international group of companies. Experience overseas or in an operating unit would also be useful; spread sheet and computer-based accountancy systems experience is

The excellent package comprises a basic salary up to \$45,000, profit-related bonus (target 25%), a fully expensed executive car and a comprehensive range of benefits.

Please write in confidence, enclosing full career and salary details, stating how you meet the above requirements, to Paul Banfield, Ref: 46130, MSL Group Ltd, 32 Aybrook Street, London W1M 3JL.



CONSULTANTS IN SEARCH AND SELECTION

Institutional **Funds Management**

with people skills to match accounting strengths

ACA/CIMA

Jersey based

Our client, a wholly-owned subsidiary of a prestigious UK Merchant Bank is committed to further substantial growth; this newly created position is an integral part of these growth plans. This is a high profile role combining substantial administrative responsibilities including tax and regulatory requirements, with a broader negotiating and ambassadorial remit.

Ideal candidates, probably in their thirties, will be degree holders with an accountancy qualification and demonstrable experience of mutual funds management accounting or Trust and Company administration. Technical strengths will, however, require to be accompanied by presentational, negotiating and people management skills of the highest order.

Crucially, we require commercial awareness, the

ability to take advantage of substantial autonomy and the personality best suited to motivate and relate to, a small highly professional team. Those candidates already with Jersey residency

status will be of particular interest but we will welcome applications from others who would enjoy the fiscal and other fringe benefits.

Promotional prospects within the organisation are undoubted, the immediate salary package unlikely to disappoint.

Please send full career details quoting Reference No. A4050 to Malcolm Lawson at Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF. Alternatively telephone 071-287 7007 during the working day and 0323-485580 in the evenings. Fax on 071-287 2391.

Codd · Johnson · Harris

RANK XEROX

Manager – Group Financial Services Min £40,000 + Car Marlow, Bucks

Our client, the European Manufacturing Operation of Rank Xerox, the world market leading supplier of office and business systems, currently seeks to appoint a
Manager - Group Financial Services following internal

This is a senior management position reporting to the Director, Financial and Information Systems with full responsibility for the UK accounting activities as well as the consolidation of financial results for the whole Group. Primary objectives will be wide ranging in scope, complex in detail and vital in importance. Their achievement will only come from the application of the highest professional standards, whilst maintaining close working relationships with divisional staff, plant controllers, and members of multi-function teams

Suitable applicants will be graduate ACAs, with at least six years' post-qualification experience in Knowledge of US accounting standards, activity based costing and systems overhauls would all be

Excellent staff management, leadership and communication skills are prerequisites, as is a confident

yet adaptable results oriented approach to problem solving. A self assured, self starting individual eager for further challenge and development, yet already able to balance broad strategic thinking with a fine eye for detail is required. Prospects for further advancement within the Group are exceptional. Rank Xerox is an equal opportunities employer.

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Anies in this issue

Probably aged 30-40, and a qualified Accountant, you must have significant experience of audit in the private sector. This may be from within a Plc or within the profession, or indeed, both. As important, however, is that rare blend of communication skills that allows you to interact effectively at all levels both internally and externally. In addition to a competitive negotiable salary, we offer excellent benefits including a car, generous holidays,

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O THE FINANCIAL TIMES LIMITED 1991

Friday July 12 1991

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years of rumour and counter rumour about which of its bank

shareholders were most desper-

at an expected market capitalisa-

tion of £1.2bn (\$1.94bn) is expec-

At the same time it will bring

about a fundamental shift in the

UK venture capital industry where it accounts for one third

Since 3i's creation in 1945, it

has built up a portfolio of nearly 4,100 investments which provide

a constant stream of realisations.

Many are small investments but

there is the occasional plum, for

example 3i's investment in Brit-

ish Caledonian - the airline bought for £5m in the late 1960s

and sold for £100m in 1987/88.

An innovative marketing cam-

paign has produced a stream of new investments in recent years

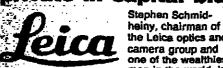
of Britain's venture capital

as 3i's "break out" programm

of the £6bn of funds available.

New investment

Camera group to go private in capital bid



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Section 18

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Stephen Schmidheiny, chairman of the Leica optics and one of the wealthies! men in the world, is

to take the company private a little more than a year after going public on the London stock market. The group says it needs new capital to strengthen the balance sheet and sees little value having a public quotation with so little stock actively traded. Leica also reported a fall in pre-tax profits from £6m to £1.6m (\$2.6m) for the year. Page 24

East meets West End ...

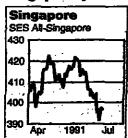
Ryonin Keikaku, a Japanese stores group, has decided the time is night to import a new retail-ing concept into the UK. In a joint venture with department store Liberty, it is opening a "nofrills, value-for-money" store in London's West End to sell stationery, household products, clothes and food. Page 23

... meanwhile at Storehouse



"We are in the deepest recession since the 1930s," said lan Hay Davison (left), chairman, at Storehouse's annual meeting yesterday. Chief executive Michael Julien (right) also passed on the bad news to angry shareholders that the UK retailing group will produce a loss in the first half of the current year, Page 23

Singapore pulls in its horns



The Singapore market had a spectacular first three months this year. But since the end of the first quarter, Singapore has fallen 4.4 per cent. Expectations of rising interest rates and falling property values are behind **Back Page**

Alian Gilmour, head of Ford's automotive operations, takes an intense interest in every detail of company expenditure - even to the extent of querying the resurfacing of the corporate parking lot. His attention to such a minor matter is a telling example of the belt-tighten-ing going on at Ford. Page 20

Ghana gold rush revival

The Ashanti Goldfields Corporation is top of the league in the revival of Ghana's gold industry. Ashanti's production in April alone reached a record 55,500 troy ounces and more players are expected in the rapidly-growing industry soon. William Keeling reports.

Market Statistics

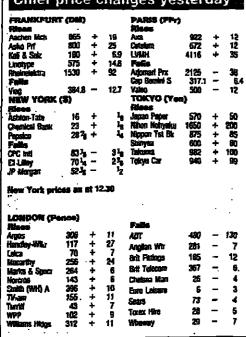
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Time Warner backs down on cash call

By Nikki Tait and Patrick Harverson in New York

TIME Warner, the US publishing and entertainment conglomerate. yesterday admitted that it was looking at alternative ways of raising new equity, after a planned \$3.5bn rights issue came under fire from shareholders and the Securities and Exchange Commission (SEC).

The rights issue, aimed at reducing Time Warner's massive borrowings of \$11.bn, contained an unusual pricing mechanism which immediately sparked a controversy on Wall Street where rights offerings tend to be less common than in the UK.

A wave of shareholder suits hit the entertainment group, claiming that the issue was "coercive". Institutional shareholders complained that because the subscription price for the new shares was not fixed, rational investment decisions could not be The SEC misgivings about the

structure of the issue came from Mr Richard Breeden, chairman of the SEC, in response to a request from Time Warner for an informal opinion on its cash-call plan. He let it be known that the SEC would block the planned issue on the grounds that the pricing structure would contravene the 1933 Securities Act in that shareholders would not know how much they were paying for new Time Warner stock when Shareholders were offered the

shares in proportion to their existing holdings but the price they would have paid depended on the overall level of interest in the offering. For example, if only 60 per cent of holders exercised their rights,

they would pay \$63 a share, raising about \$2.2bn for the company. However, if 100 per cent participated, the price would rise to a maximum of \$105 a share, raising \$3.6bn.

This brought protests and shareholder suits. Many investors claimed that the scheme was coercive, enticing them into sub-scribing to acquire stock at submarket price levels. The fee structure for the handful of investment banks involved in the deal also caused irritation: they were to be paid anything from \$41.5m to \$145m, depending on the success of the offering, for what some claimed was little work and no risk.

Time Warner said yesterday that it was "considering alterna-tive structures of its proposed rights offering to raise the desired amount of equity". It added that it expected to satisfy the concerns raised by the authorities and investors.

Time Warner declined to say what alternative methods of capital raising were under review, or to specify where - within the range of sums which the initial offering might have raised - the

ADT shares fall 21% after Laidlaw results

By Richard Gourlay

ADT shares plunged by 21 per cent to 480p yesterday amid ner-vousness about the security and car auction group's trading per-formance. Concerted buying of Michael Ashcroft, the chairman, failed to halt the slide.

The fall followed Wednesday's announcement of third-quarter results by Laidlaw, the Canadian waste management and transportation company which owns 28.4 per cent of ADT.

Laidlaw said net income fell 38 per cent to \$121.24m "after reflecting its £15.1m share of ADT losses on operations in

Mr David Hammond, ADT's deputy chairman, said there were

no problems with the group's trading performance. He said he was "extremely concerned that Laidlaw's statement had been misinterpreted as a sign that

Mr Hammond said the \$15.1m figure might refer to Laidlaw's share of ADT's extraordinary losses of \$53m, which it incurred in 1990 due to discontinued activities at Sechura, a subsidiary.

ADT had not supplied Laidlaw with any figures specifically for

its third-quarter announcement, Mr Hammond said. Yesterday Mr Ashcroft bought

shares worth £275,000 at about 550p. Other ADT directors bought

tion for investment trust status. The ruling meant that when 3i obtained a listing it could shelter

capital gains from tax.
Further signs that 3i's stately
progress towards listed company
status was speeding up came in

400 3i waits for T A TIME when few of its protégés would consider a public flotation, Investors in Industry (3i), Britain's largest venture capital company, is gearing itself up for a stock market listing. After several

the day to go ate to sell their stakes, 3i is in the final stages of turning itself into a listed investment trust. to market 3i's move to the stock market

Net assets per share

ted to provide a stimulus to a neglected sector of the market – Charles Batchelor reports on the coming shift in UK venture capital the venture capital investment

> May when 3i brought in Barings, the merchant bank, to replace S.G. Warburg as adviser on the flotation. 31 is now looking for a stockbroker to complete its range of City of London advisers. There are still some hurdles to be cleared before 3i finally comes to market. The depth of the recession and its particularly severe impact on the smaller unquoted companies in which Si invests mean that a listing will have to wait for signs of an economic upturn. Mr David Marlow, chief executive, says the flota-tion will have to await "the

other side of the recession, probhas enticed managers out of large companies into buy-outs and buy-ins.

In the 1950s and 1960s, 3i enjoyed almost total dominance The impact of the downturn forced 31 to quadruple provisions in the year ended March 1991 to £128m from a restated £28m the year before. Pre-tax revenues fell from £59m to £38m though shareholders' funds were main-

industry, and although this has been eroded by more than 160 smaller rivals, it remains the most significant player. Many of its competitors blame lack of tained at £1.2bn. The depressed state of the unquoted company market is auso rei counts at which venture capital based investment trusts have cracy on 31's loss of market share. "I have never lost a deal where I was competing with 3i," said one.

The way to 3i's public listing was cleared in the second half of 1990 when the Inland Revenue finally acquiesced in 3i's applica-

recently traded.

The gap between the venture capital trusts and investment trusts which put their funds into quoted companies has widened. At the end of 1990, the 30 venture capital investment trusts were on an average discount of 29.6 per cent, nearly twice the discount level of the investment trust sector, according to stock-brokers County NatWest Wood-

Although some analysts believe that the size and quality of 3i's portfolio will allow it to trade on a narrower discount to net assets than other trusts, most believe the current size of discounts mean an immediate stock market listing is unlikely. One reason for the market's disenchantment with venture capital investment trusts has

been over the issue of valua-tions. Valuing unquoted invest-ments depends very much on directors' judgments even when standard formulae are applied. 3i, like every other venture capital company, claims its valuations are conservative but it will still need to devote some time explaining its policies to the City of London.

he substantial write-down

of the value of unlisted investments at Ensign Trust last May highlighted the difficulty of making accurate valuations, while last year invesplethora of methods used in the venture capital industry forced the British Venture Capital Association to draw up a set of valua-tion guidelines.

A further issue which poten-tial investors in 3i will want to see cleared up concerns the shares which will remain in the hands of 3i's present shareholders – the Bank of England and

the clearing banks.
Mr Ewen Macpherson, finance director, expects shareholders to offer up to 40 per cent of 31's

shares but the remainder will shares but the remainder will overhang the market and depress the share price unless firm guarantees on their disposal can be given. National Westminster Bank and Barclays Bank are expected to retain their holdings of 22 and 18 per cent respectively but Midland, with 18 per cent, is believed to be a willing seller.

Most City analysts regard 31's still powerful market position as a sign of management strength.

a sign of management strength. They believe investors will wel-come 3i's conversion to investment trust status as providing a more attractive means of taking a stake in the unquoted company

Many investors are unhappy tying up their money for several years in small private venture partnerships and would prefer to put their funds into a more liquid form of investment.

Unlike partnerships, where investors must commit their money for the entire life of the fund - the early unproductive years as well as the more profitable later ones, a listed invest-ment trust allows investors to take a view on the maturity of the trust's portfolio and only invest when they believe the time is right.

Investment trusts also have

the advantage over partnerships of independent boards of direc-tors protecting shareholders' interests while they also tend to charge lower management fees.
A recent survey by stockbrokers
County NatWest Woodmac
showed that private funds
charged annual management fees of between 1.5 per cent and 4 per cent of invested funds compared with 0.65 per cent to 2.5 per cent for venture capital

On balance, City analysts believe 3! will present an attrac-tive investment opportunity. The impact of a public listing on 3i and its investment policies is less clear. Mr Marlow and his fellow directors are adamant that 3i will not be forced to take a shorter term view of their investments. But, as the manag-ers of many of the businesses which 3i has brought to market have found, shareholders in public companies rarely take a

Audi unveils 46% surge in profits for first half

By Andrew Fisher in Frankfurt

AUDL the up-market German car manufacturer, yesterday reported a sharp rise in sales and profits in the first half of this year at a time when Volkswagen, its par-ent, is having problems else-where, notably in South America.

Mr Ferdinand Piech, Audi's chief executive, said profits before tax had increased by 46 per cent to about DM350m (\$194m) in the first six months, with turnover 18 per cent higher at DM7.1bn. Last year, Audi raised pre-tax profits by 17 per cent to DM740m, which Mr Kurt Lauk, finance director, expected

strong domestic market, boosted by east German demand. Mr Piech said domestic sales in the first half were 49 per cent higher at 125.000 cars, stimulated by the

introduction of the new executive-class Audi 100. Helped by the new car's success, Audi's domestic market share rose from 5.3 per cent to 5.8 per cent. Worldwide sales were 8 per cent higher at 237,000 units, with the strong rise in Germany partly offset by falling sales in the rest of Europe and the US.

European sales outside Germany dropped by 18 per cent to 87,000 cars due to worsening market conditions and the fact that the Audi 100 is still being introduced.

duced. The new Audi 30 will be launched shortly.

In the US, where Audi was hit by bad publicity in the late 1980s over alleged acceleration problems, sales in the first six months dropped by 43 per cent to 6,300 cars. The Audi 100 has yet to be introduced to the US, where the introduced to the US, where the car market is suffering from

recession, and higher-priced cars are subject to a new tax. Like the rest of VW, Audi has

embarked on a heavy investment programme. Mr Lauk said capital spending in the first half totalled DM500m. Audi planned to invest about DMIbn a year until 1934. Mr Hermann Stübig, produc-tion director, said at the annual

meeting yesterday that the new Audi 100 had had the steepest sales rise of any model ever intro-duced by the company. Since the model changeover last December, almost 100,000 units had been

Total production of Audi mod-els in the first half was almost 9 per cent higher at 233,000. The output of the new model more than made up for the loss this March of cars previously pro-duced for Porsche under con-

duced. The new Audi 80 will be to be maintained. Like other German carmakers, Audi has benefited from the

Delta to acquire Pan Am assets

By Nikki Tait in New York

remaining European assets and the East Coast shuttle operation

in the US to Delta Airlines.

Delta, the third-largest US airline, will pay \$260m for the package and provide Pan Am with \$60m of debtor-in-possession (DIP) financing. Essentially, this is new loans which rank at the front of the creditors' queue.

The purchase will significantly enhance Delta's presence in Europe. The assets which would be transferred under yesterday's deal with Delta include: Pan Am's New York-Europe

routes, its Miami-London routes, and its Detroit-London routes; The Frankfurt operations, where Pan Am has a hub airport; The Pan Am shuttle, which

ject to various approvals. It covers about one-fifth of Pan Am's already shrunken flight capacity. If the deal goes through, it would leave Pan Am with its Miami hub operation, its Latin American/Caribbean routes and some domestic flights.

The Latin American operations, however, have already been eyed by United Airlines. The Chicago based carrier
- which, along with American,
is the US industry leader - this
week put in a formal proposal to buy this business, the transatian-

tic routes from Miami and the New York-Paris routes. Yesterday morning, United declined to comment on the impact of the Delta sale on its

PAN AM, the ailing US carrier which filed for bankruptcy protection in January, yesterday announced the sale of its main agreed in principle, is still subthat it was in talks with United Delta said it would honour tickets issued by Pan Am on the acquired routes, and on certain others, for travel until February 1, 1992. It would also take on 6.000 of Pan Am's 22,500 employ-

> Delta said Frankfurt would probably become the hub for its operations in Germany. The airline is the largest US carrier fly-ing into that country.

> Neither Pan Am nor Delta would speculate on an exact date for completing the deal, which will need bankruptcy court and Department of Transportation approval. Pan Am suggested, however, that it could be "well

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Welsh Water PLC regards corporate sponsorship as a sound investment. This week some of the world's most magnificent rigged ships will set sail from Milford Haven, West Wales on the first stage of the 1991 Tall Ships Race. The Tall Ships attract hundreds of thousands of visitors, and Wales is proud to host this year's start. Welsh

Water PLC is equally proud to

sponsoring the Welsh launch of this prestigious event. Our sponsorship has taken the form of a partnership of interests. worked closely with the organisers of the race and local officials to make the 1991 Tall Ships Race one of the most memorable ever. For us, it is an expression of support for the people of our region.



EXPECT EXCELLENCE

Ford revs its engines to win the race for market share | UK television

Martin Dickson examines moves by the outstanding success story of the 80s to stay ahead in the 90s

Net income (\$ billions)

SURPRISE awaited Mr Allan Gilmour one recent Monday morning when he looked down from his office at the Ford Motor Company's Detroit headquarters to the car park below: over the weekend, part of the lot had been resurfaced with a Gilmour, who heads Ford's automotive operations, wanted

When the world's second largest motor manufacturer is struggling to cut costs, car park beautification would seem a rather wanton luxury. In the event. Mr Gilmour, often tipped as a potential Ford chief executive, was persuaded by company officials that the renairs were cost-effective. But the fact that he turned his attention to such a minor matter is a telling example of the belt-tightening at Ford as it hattles with the worst ITS economic downturn in a decade.

This month, the company, along with Detroit rivals General Motors and Chrysler, is expected to unveil heavy sec-

ond-quarter losses. Ford's difficulties are in many respects less severe than those facing Chrysler, the smallest of the Big Three, which has least room for financial manoeuvre, or General Motors, the largest, which still has much plant modernisation to carry out and buge overhead

For Ford was the outstanding US vehicle success story of the 1980s. At the start of that decade, it was financially so stretched that its survival was in doubt. But it took a gamble on some dramatically different Ford Market share (%) US car sales (millions) 1980 82 84 86 88 90

Mercury Sable mid-range cars - which proved extremely popular, and invested heavily transmissions) in the second half of the 1980s, making its in plant modernisation. It turned itself into the world's most profitable vehicle group, while its designs became more and saw its US car market

US successes, notably the Ford Explorer, which has captured a big slice of the sports utility vehicle market. But, last year, Ford suffered poor launches in both the US and Europe for revamped models of its bread-and-butter Escort family

Its product cycle - the time needed to take a car from drawing board to market place is also criticised as relatively long. Mr Gilmour takes ue with this, maintaining it is difficult to correlate market share ups and downs directly to the age of a product and

1980 82 84 86 88 90

bring a particularly heavy revamping of the North Ameri-

can model range, which he

maintains will improve market

But he acknowledges the company needs to accelerate product cycle times in its smaller, sportier model range, where consumer tastes are now changing extremely rapidly. Next spring, it will introduce a radically different version of its sporty Probe mpact, but a revamp of the Mustang, a long-time best seller which has been losing market share, is still some way

Certainly, Ford is now investing heavily in new model development. Capital investment is currently running at about \$7bn a year and the com\$26bn it spent over the past five years. By the middle of the lecade it will have replaced or redesigned almost all its US

product range. However, maintaining such pending in a recession is far from easy. In the first quarter of this year – which was depressed by the Gulf war – Ford's US assembly plants were running at 65 per cent of capacity. The total climbed to around 85 per cent in the second quarter, and 85 to 90 per cent is likely for the remainder of the year. At the same time, overcapa

city in the North American industry (exacerbated by vising Japanese production in the US) means all manufacturers, including Ford, have been price cuts of around \$1,000 per vehicle. So Ford lost \$947m from its US vehicle operations in the first quarter of this year. Strong overseas earnings

particularly in Europe - have traditionally helped the company out at times of North American weakness, but Ford's foreign subsidiaries lost \$208m in the first quarter.

n Europe, its poor performance contrasts with record profits by General Motors, and stems considerably from Ford's market-leading position in the depressed UK, where it has also been losing market share. However, Mi Louis Ross, who heads the company's international automotive operations, points out that in continental European markets - particularly Italy

it has been gaining market mare. The overseas results have

group bids £55m also been hit by heavy losses at Jaguar, the luxury UK car to keep franchise manufacturer Ford bought for £1.5bn (\$2.40bn) in 1989, and more recently by a government

By Raymond Snoddy in London

TVS Entertainment, the south of England television company, has bid the astonishingly high figure of £55m (\$88m) to retain its commercial television fran-

The size of the bid submitted to the Independent Television Commission in May will be revealed to shareholders in a circular next month about the restructuring of the company designed to bring in new share-holders, Time Warner of the US and Lord Rothermere's adated Newspapers.

The TVS bid is believed to be more than £20m larger than that of its nearest rival. The bids of the three con-tenders for the franchise MAP's Meridian, Carlton Com-munications and the Richard Branson/David Frost CPT-TV consortium – are all believed to be in the £20m to £35m

range.
The TVS bid does not include the percentage of advertising revenue that com-mercial television companies pay to the government. Holders of the southern franchise

pay 11 per cent of their net advertising revenue. On current figures, this would mean TVS would have to pay around £75m a year.
Applicants have to pass a quality threshold which

includes quality of pro-grammes and business plans before the bids are considered. Rivals said yesterday that if the Independent Television Commission allowed the TVE bid past the quality threshold

they would consider going for a judicial review.

"H's crazy. Such a bid is not sustainable," said a rival was asked not to be named.

On one computer model the cash hid and the TVS assumptions of the computer was a sumplement of the cash was a sumplement. tion of 5.5 per cent real growth in advertising a year suggested that TVS would lose money for three years and not be in cumulative profit for nine

TVS, however, is optimistic its bid will be viable and profitahle.

growth figure, widely seen as optimistic, is the forecast of National Economic Research Associates the consultants and the business plan has been checked by TVS financial advisers J. Henry Schroder

Wagg, the UK merchant bank TVS plans to take £25m a year out of costs, partly by transferring its network productions on its Southampton

The £55m bid is stated in 1991 prices although the new franchises do not begin until 1993. An estimated 10 per cent inflation between now and then and a hoped-for turnaround in advertising revenue will, TVS hopes, reduce the impact of the bid which is also tax deductible. If TVS loses its franchise, its

shareholders would lose viria-

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Guinness to buy Kentucky liquor group

July 12, 1991

Daishin Securities Co Ltd

open for business

in the United Kingdom

Daishin Securities Co Ltd begins its operations at the following address

with MR SEUNG-WON NO as Managing Director

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Fax: 071-256 9190

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Issued and Fully Paid Share Capital of £7,000,000

By Andrew Bolger in London

GUINNESS, the UK drinks group, will expand its US port-folio of spirits brands by acquiring Glenmore Distilleries of Louisville, Kentucky, in an agreed deal worth \$16im. Glenmore markets Scoresby Scotch whisky, Ezra Brooks and Old Kentucky Tavern bourbons, and Fleischmann's gin and vodka.

It will be a wholly-owned subsidiary of United Distillers, Guinness's spirits company.

brands in the US such as Dewar's and Johnnie Walker Scotch, Tanquery gin and vodka and Gordon's gin and

share soar from 16.6 per cent in 1981 to 22.3 per cent in 1989.

asking whether it has lost a little of its competitive edge.

For, in 1990, its share of the US

market dropped to 21.1 per cent, and in the first five

months of this year the total

was down to 20.1 per cent. Gen-

eral Motors, by contrast,

long slide, at least temporarily, with its market share bouncing

around between 35 and 36 per

sales have been slipping because it failed to invest suffi-ciently in new models and

Wall Street critics say Ford's

eemed to have stemmed its

Now, however, critics are

The deal will increase United Distillers' share of the US white and brown spirits markets from 8 to 13 per cent, making it the third largest US spirits business.

Holders of 90 per cent of Glenmore stock, entitled to vote have approved the deal and no further approvals are receive \$42.50 per share in cash valuing Glenmore at \$103m. Glenmore has borrowings of

A Guinness spokesperson said the acquisition would not dilute group earnings. In the year to June 30 1990, Gleamore made net income of \$5.7m on sales of \$374m, and had tangi-\$71m

Mr Tony Greener, managing director of United Distillers,

said: "This merger will add further strength to our North American business, particu-larly in providing complementary opportunities to match er demand across the price and value range, and different geographic

"It will strengthen our international brand portfolio and contribute to the fur-ther successful development of our export markets for bour-

Bolloré offers FFr1.1bn for rest of CFDV

By William Dawkins

THE Bollore group, the transport and industrial con-glomerate, yesterday offered to buy out for FFr1.1bu to buy out for FFr1.1bn (\$179m) the minority partners in Compagnie Financière Delmas-Vieijeux (CFDV) the leading shipping group.

Bollore's offer, valuing the group at FFr4.44bn, was triggered by a landmark French

stock exchange ruling that it had acted in concert with two n trv t control and must therefore

make a full bid. The stock exchange authorities have given their agreement to the offer, said Bolloré.

The stock exchange council ruled earlier this month that Bolloré had taken 59 per cent control of the shipping group in concert with Clinvest, the merchant banking arm of the merchant banking arm of the Crédit Lyonnais group and Compagnie Privée El Rabha, a holding company grouping members of the Vieljeux family disillusioned with the former management.

Bolloré is offering to pay FFr3,948.50 per share for the CFDV charge still in the man-

CFDV shares still in the market, which would cost it

This is slightly less than the FFr4,000 offered to the first group of investors to sell to Bolloré, a difference which

kers.

"I don't see why the minority shareholders should be offered less," said Mr Piers Butler, head of sales at Enskilda Securities.

On top of this, Bolloré is offering Ffr1,500 per share for the outstanding equity in Delmas, the listed operating company which is 73 per cent controlled by Delmas-Vieljeux. That would cost it an estimated Ffr500m.

mated FFr900m.

mated FFr900m.

New French rules on takeovers were introduced last
year, including a definition of
what constitutes a concert
party action.

Since then, only a few bids
have been set off in this way,
as a result of which the stock
exchange has been criticised
for too often allowing special
dispensation to escape this dispensation to escape this

costly obligation.

However, the authorities forced retailer Galeries Lafayette to make a full bid for Nouvelles Galeries, anothe retailing group, last April, signalling the tougher approach which has now been applied to Boll-

Banks agree Brent Walker deal

By Maggie Urry in London

All these factors, combined

with its heavy capital spending

programme, suggest the com-

pany will have a negative cash flow and a rising level of debt for a considerable time to

come. However, the balance

sheet remains strong, with debt of \$8.2bn at the end of the

first quarter, compared with shareholders' equity of \$21.4bn and cash and marketable secu-

rities of \$6.1bn.
But the recession has forced
Ford, in common with its
rivals, to cut costs. The com-

pany says it is on target with a

plan to cut \$3bn by the end of this year. Initiatives range

for some 1,400 salaried staff, suspending company contributions to a workers' savings plan, and insisting all employees fly tourist rather than busi-

ness class on company busi-

ness. "We are literally going through how many telephones

All this should make the group more competitive as it

emerges from recession. Experts estimate it has by far

the most efficient North Ameri-

can plants of the the Big Three

virtually on a par with Japanese facilities in the US.

underlying financial and man-

ufacturing strengths are not seriously in doubt. What is in

question is whether it can rec

reate the product excitement which made it so successful in

Despite recession, Ford's

we have," says Mr Gilmour.

from early retirement pac

BRENT Walker, the heavily borrowed leisure group, took an important step towards completing its £1.3bn (\$2bn) financial restructuring yester day when Barclays Bank and Allied Irish Banks both agreed

Bankers said there were now only a few banks left of the 47-bank syndicate which needed to approve the refinancing. One still undecided is thought to be Dresdner, the German bank.

Others are understood to be relatively small banks and are expected to follow the lead of

A banker said yesterday:
"The champagne cork is beginning to be eased out of the bottle". Brent Walker has been strug-

gling to gain approval for the restructuring from its banks for some weeks now. Without the banks' consent

to the plan the company would have to go into receivership. While the group and its advisers are able to see daily

progress towards the plan's

approval it can justify continuing trading, although it is technically insolvent.

warned that time was running

out and the coming weekend was seen as a critical deadline. Last Friday, the process appeared to have reached a crunch point when the group announced that it could not proceed with revised proposals agreed with holders of Brent Walker's £101.9m convertible

Banks had objected to the bondholders receiving £73.2m of secured loan stock as part of ranked them above the equity into which banks are swapping £250m of Brent Walker's debt.

The group is now working on improving the original proposals put to bondholders, which did not give them any security, but without angering

the banks again.
One adviser to the company said that if all the banks agree to the restructuring, the pres-sure will be on bondholders to accept terms otherwise they

the group's survival. "In The refinancing plan involves Brent Walker's 47 banks converting £250m of their £970m of debt into equity, and taking an 11.5 per cent interest rate on the rest, with interest payments likely to be rolled up or converted into equity, which could eventually

will be seen to be jeopardising

raise the banks' equity to William Hill, Brent Walker's bookmaking business, lass another £350m of debt which will be partly repaid as the group makes disposals. back to its cash generative businesses of pubs and betting

shops.
While the restructuring is undecided Brent Walker cannot go ahead with other plans, such as an expected deal to stid to its pub business.

O Z

If and when the plant is approved by the banks Breat

Walker has to gain approval from bond and shareholders. Meetings are expected to be held in August.

Daimler arm signs satellite pact:

aerospace and defence group.
This follows the French and

By William Dawkins in Paris

DEUTSCHE Aerospace, the aerospace arm of Daimler-Benz, the German industrial group, has struck a satellite technology co-operation agree-ment with its French and Italian counterparts.

It covers joint satellite design, development and mar-keting between Deutsche Aerospace; Aerospatiale of France; Alcatel Espace, the space divi-sion of the similarly named French telecommunications group; and Alenia, the Italian

Italian partners' agreement to pool their satellite development and marketing activities in March. Deutsche Aero-space's arrival, announced yesterday by Aérospatiale, consid erably strengthens the Franco-Italian accord and is the latest in a series of international alliances across the world satellite industry. Separately, Deutsche Aeronew partners as an investor in Space Systems/Loral, the US-European producer of commu-nications and weather satel-

The French and Italian partners paid \$189m last April for a 49 per cent stake in Space/Systems Loral, formerly part of Ford Aerospace. This brought together one of the world a biggest civil communications and weather established grounds. weather satellites groupings, with 7,800 employees and \$1.5bm of joint annual sales.

Bayer and BASF to invest in the east.

space is negotiating to join its

By David Marsh in Bonn

BAYER and BASF, two leading German chemicals groups, yes-terday announced big invest-ments in east Germany, which will bolster the faltering chemical industry there.

In the largest deal, Bayer — which so far has been hesitant

about capital spending in the east of the country - said it will invest DM500m (\$273m) in the next five years on plants in the Bitterfeld region near

BASF said it will spend DM86m on a water-based car-paint plant at its Schwarzheide chemicals operation in the east. It switched investment from Würzburg in west Ger-

tional home of the oldest east German chemical plants.

discussion.

eastern Germany.

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Shimano climbs 63% **Paishin** By Emiko Terazono in Tokyo

Trust

Daishin Securities Co Ltd SEOUL, KOREA Tel: 82-2-769-2000; Fax: 82-2-784-7195; Tix: K29471 DAISHIN Worldwide Network: Tokyo, New York, Zurich, London

> Daishin International (Europe) Limited is a member of the Securities and Futures Authority Ltd.

SHIMANO, the Japanese bicycle-maker, announced that non-consolidated pre-tax prof-

its for the six months to May had jumped 48.8 per cent from the corresponding 1990 period to Y7.1bn (\$51.4m). Overall sales also grew 26.8 per cent to Y83.3bn, due to a sharp rise in orders for bicycle parts and fishing tackle. After-

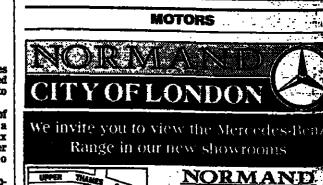
tax profits rose by 63.3 per cent to Y3.5bn.

The mountain bike boom in both domestic and overseas markets helped bicycle parts exports, which accounted for

70 per cent of total sales. Sales to Europe and Taiwan pushed exports up by 32.3 per cent to

For the year to the end of November, Shimano expects a 53.5 per cent rise in pre-tax profits to Y14bn on a 15 per cent rise in sales to

The company said the projections had been revised down because demand in the US and Europe during the second half was expected to be weaker than initially fore-



Gooding Gooding many after regional govern-ment authorities in east Gerbacking lately to securing the long-term presence of the chemical industry in the Halle region. It has been clear for more than a year bowever that tens of thousands of chemicals jobs would be lost in the pro-The Bayer proposal adds up to an important symbolic breakthrough for the hard-hit Bitterfeld-Wolfen region, tradi-The Bayer plan is to build the Bitterfeld plants as part of an industrial park which is designed to attract a range of Bayer said however that only 500 jobs would be created on a 20-acre site, where pro-jects to build plants for poly-mers, industrial chemicals and STATE OF THE STATE new industries and service sec-tors to the area. Bayer's Agfa subsidiary plans to spend DM20m m a plant developing and produc-ing laboratory instruments in Gera in the southern part of umer products were under The German government and the Treuhand state hold-ing company have both given

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The £55m bid is said.

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INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Brierley s £55m sells BIL stock after conflict

By Terry Hall in Wellington

SIR Ron Brierley has sold about 25m shares in Briefley investments (BIL), the New Zealand-based investment and trading company he founded 30

years ago. He took the action after what he said was "a considered evaluation that the stock was not performing".

Sir Ron was ousted as chairman of the company in a boardroom tussle in 1988. ... The shares, which were sold to the Singapore government, represent about a third of Sir Ron's holding, or 1.5 per cent of BIL's capital.

of RHL's capital.

Sir Ron said in London last night that his mind was open on whether he should sell further shares. He said there was no pressure to sell and he did not wish to commit himself.

Asked if his decision was influenced by his differences of opinion with the present chairman. Mr Bruce Hancox, and nan, Mr Bruce Hancox, and the chief executive, Mr Paul Collins, over the direction of BIL. Sir Ron said: "Yes, the differences between Paul, Bruce and I have been a fac-

He pointed out thatthe shares had not performed as well in the past two years as they had in earlier years. "It used to be automatic for BIL shares to go up each year."
- Sir Ron said he had sold the stake for "less than the shares were worth", but declined to comment on reports that he had been paid \$1.25 a share in the arrangement that had apparently been made in May with the Singapore govern-

ment.
This followed the Singapore government agency, Temasek Holdings, buying 30 per cent of Mount Charlotte, the UK hotel group, from BIL and acquiring 4.7 per cent of BIL's capital. As part of the agreement, Temasek was to buy further BIL shares on the market, and on Tuesday it announced it had increased its holding to 6.6 per cent by buying another 28m shares. Yesterday Mr Hancox confirmed that most of these shares had been sold by

Sir Ron Brierley. Sir Ron Brierley

Mr Hancox said he had approached Sir Ron with an offer from Singapore to buy the shares after learning that Sir Ron might sell some. Mr Hancex, said that Sir Ron had wanted to raise between NZ\$13m (US\$7.3m) and NZ\$14m to buy a 10 per cent stake in GPG, the UK-based entrepreneurial investment company

Mr Hancox added that he believed Sir Ron still had some 50m shares in BIL under various nominee names. Sir Ron is not required to disclose the sale under present New Zea-

European unit blamed as TNT further downgraded

By Mark Westfield in Sydney

TROUBLED Australian transport group TNT suffered another blow yesterday when the credit agency Australian Ratings downgraded its debt rating four notches to B plus from BBB minus.

The ratings company said "higher-than-anticipated volume and margin reductions in key markets and continuing difficulties in gaining quality revenue to underpin the viability of TNT Express Europe"
were responsible for the downgrading. TNT shares closed 2
cents down at 86 cents.

The downgrading was the second for TNT this year, and a further headache for its chief executive, Sir Peter Abeles. It was dropped from BBB plus to BBB minus in January. The agency regards BBB and above

as investment quality.

TNT's biggest problem was identified as the European Express business, which is being squeezed by competition and high interest costs associ-ated with its A\$750m (US\$573m) start-up costs. The agency said the business needed "some form of joint venture arrangement".

The agency said that the risk associated with TNT's aircraft.

leasing joint venture with News Corporation - Ansett Worldwide Aviation Services (AWAS) - had been heightened by the recent filing for bankruptcy protection of its biggest client, America West Airlines. America West has 11 aircraft on lease. The airline paid AWAS US\$2.35m a month, but last month sought to suspend payments.



Peter Abeles: fall of TNT's biggest client added to woes

Although AWAS faces problems related mainly to the poor state of the secondhand air-craft market, the agency said it should be able to manage its

TNT is also losing money on its Ansett and East West Airlines businesses in Australia following deregulation nine months ago. Ansett, also jointly owned with News Corporation, had net gearing of 493 per cent at June 30. Ansett has a 20 per cent stake in America West.

The agency noted that TNT's ability to raise further equity capital was in doubt since the collapse of its share price after it placed A\$75m in April at A\$1.50 a share. The agency said TNT's "financial flexibility and ratings outlook will remain negative until structural improvements are evi-

Debt protection levels were now "less than adequate" according to Australian Rat-

Other key areas in the transport group's operations which triggered the downgrading included the fact that it had suffered a significant downturn in operating earnings due to recession in Australia, the US and Europe, with earnings only breaking even in the year to end-June 1991.

The agency said TNT "barely covers cash funding commitments" compared with 2.8 times coverage in the 1990

The agency estimated that TNT had an accumulated funding efficiency of A\$657m over the last four years, which had contributed to its "highly leveraged capital structure". Its net debt to equity ratio has risen in the past 12 months to 240 per cent.

Australian Ratings said it believed TNT's financial flexibility was jeopardised by its short-term debt maturity profile, with A\$600m in borrow-ings maturing this financial year. This is mostly covered by liquid assets and undrawn facilities of A\$520m. The agency said TNT might have difficulty renegotiating a US\$250m Euronote facility it wanted to extend to medium-

term maturity.

The agency added that any meaningful debt reduction by the group appeared to rely on asset sales. TNT's management has told Australian Ratings it will sell A\$250m to A\$300m in assets this year.

income lifts JP Morgan to \$231m

By Patrick Harverson in New York

BIG increases in net interest revenue and operational service fees during the second quarter gave a boost to J.P.
Morgan, the New York banking group, which yesterday
unveiled profits of \$231m for
the April to June period.

The earnings, which trans-late into \$1.17 a share, were 12 per cent higher than the \$207m, or \$1.06 a share, reported in the second quarter

Yesterday's figures did not match the \$273m earned by the bank in the first three months of this year. However, the first quarter was an exceptionally profitable period for Wall Street investment banks because of the sharp rise in US share prices and trading The second-quarter results

from J.P. Morgan were in line with market expectations. The bank reported net inter-est revenue for the quarter of \$354m, a rise of 25 per cent on a year ago. The gain was achieved because of lower short-term dollar interest rates and a steepening in the dollar yield curve.

Operational service fees were another bright area for the group, bringing in revenue of \$95m on J.P. Morgan's clear-ing, custody and corporate trust services.

Trading revenues were also strong at \$269m, up 15 per cent on the second quarter of 1990 but well down on the \$461m gained during the mini-bull market of the first quarter.

Diversified gains from trad-ing LDC (less developed coun-tries) assets and swaps, and from US and foreign debt/ equity securities, made up for a decline in earnings on foreign exchange business during the April to June period. Corporate finance fees also

slipped to \$57m for the quarter, while operating expenses rose 14 per cent to \$585m, largely because of higher occupancy and incentive compensation Sir Dennis Weatherstone, the

British chairman of J.P. Morgan, said: "The quarter's results reflected good performance across all of our business activities, despite a weak economic climate." Sir Dennis drew particular

attention to the group's suc-cess in building its debt and equity underwriting business, especially in the US, in recent months. ● WACHOVIA, the large

south-eastern US banking group which last month bought South Carolina National Bank for \$830m, yes-terday reported second-quarter income of \$79.5m, or \$1.12 a

Net interest Bund prices take heart from firm US Treasuries

By Sara Webb in London and Patrick Harverson in New York

THE BUNDESBANK council's decision to leave key interest rates unchanged yesterday disappointed the German govern-ment bond market. However, the firm US Treasury market helped to lift bund prices in the afternoon, and they recovered DENMARK some of their earlier losses. The Bundesbank council's GOVERNMENT

BONDS

decision to leave the discount rate at 6.5 per cent and the Lombard rate at 9 per cent left some traders expressing con-cern that the central bank is not taking a tough enough line on inflation. However, others pointed out

that the central bank's decision to revise its 1991 target for M3 money supply growth, set-ting a new target of 3 per cent to 5 per cent, down from the target of 4 per cent to 6 per cent set late last year, reflects the bank's concern over infla-

Yesterday's Bundesbank meeting is the last before the central bank's five-week summer break, though traders point out that the Bundesbank is fire to the pile interest when is free to raise interest rates

before its next meeting.

Bund prices were helped by
a firm US Treasury bond market following news that US jobless claims had fallen at the end of June. The Liffe bund futures contract opened at 84.63, falling to 84.38 before the Bundesbank announcement, then recovering to reach 84.50 by late afternoon.

Traders noted heavy buying of French government bonds yesterday as there is specula-tion that the French central

BENCHMARK GOVERNMENT BONDS 10 000 08/00 103.5000 - 9.40 9.48 10 02 9.98 9.750 06/01 98.3250 -0.026 9.000 11/00 98.2000 +0.275 9.28 9.30 9.17 FRANCE BYAN 9.000 02/96 98.9774 +0.035 9.25 9.31 9.11 9.500 01/01 102.3500 +0.110 9.10 9.19 9.07 8.375 05/01 98.8800 -0.050 8.54 8.52 8.35 12.500 03/01 98.4200 +0.060 13.19 13.35 13.03 4.800 06/99 87.7984 - 7.22 6.400 03/00 97.9480 + 0.054 6.78 8.500 03/01 98.1100 -0.070 8.79 8.79 8.64 11,900 07/96 100,2750 + 0.085 11,81 11,94 12,05 99-02 + 00/32 98-24 + 06/32 92-05 + 09/32 10.000 11/96 97-28 + 05/32 96-00 + 07/32 8.000 05/01 8.125 05/21 8.32 8.25 8.28 8.49 8.42 8.48

bank may decide to cut interest rates now that the threat of a German interest rate increase has diminished The French OAT futures contract opened at 104.84, reaching a high of 105.24 by

late afternoon.

THE UK government bond market rose yesterday on hopes of a base rate cut today following the Bundesbank's

following the Bundesbank's decision to leave German interest rates unchanged.

Traders said that if the Bundesbank had raised interest rates yesterday it could have blocked the way for the Bank of England to cut the base rate. The gilt market has been expecting a cut this week in view of recent economic. in view of recent economic data which shows that inflathat which shows that imation is falling. The Retail Prices Index, which is to be released today, is expected to show a fall in inflation.

The short end of the gilt market has already discounted

gilt opened at 109% and traded at 110% by late afternoon.

JAPANESE government bond prices barely moved and volumes were very low in Tokyo due to the fact that the Big Four securities houses have been restricted in their business activities for four days. The restriction is a punishment for compensating cer-tain clients for trading losses. The yield on the benchmark No 129 JGB traded in a range between 6.775 per cent and

6.785 per cent while the September futures contract opened at 95.10 and closed at 95.09. ■ THE reappointment of Mr Alan Greenspan as chairman of the Federal Reserve helped boost bond prices in the US vesterday morning in the face of an unexpectedly big fall in iobless claims. By midday, the benchmark

30-year government bond was up 4 at 96, yielding 8.488 per cent. The two-year note was a half percentage point cut. also firmer, up \(\frac{1}{2} \) a zero the benchmark 11% per cent yield 6.895 per cent. also firmer, up 1 at 1002 to

Low prices push Alcan into red

ALCAN ALUMINIUM posted a was US\$6m, or 7 cents a share, loss in the second quarter because of depressed world ingot and fabricated products prices, writes Robert Gibbens in Montreal.
Shipments of ingots rose 8

per cent, but average realised prices were down nearly 14 per Mr David Morton, chairman,

said continuing surplus world production in the face of sluggish demand was keeping prices depressed, but "signs of recovery are beginning to appear in some markets". Alcan reported a loss of US\$5m, or 4 cents a share, for the June quarter, after 8 cents a share in special charges, compared with a profit of US\$84m, or 35 cents a share, a year earlier.

Revenues were US\$2bn against US\$2.17bn and ship-ments of ingot and fabricated products totalled 587,000 tonnes against 581,000 tonnes. Alcan also reported a small loss in the first quarter. For the first half this year, the loss against a profit of US\$256m, or \$1.09, a year earlier, including special gains of 28 cents a

NEWS IN BRIEF

US\$3.96bn against US\$4.27bn. Alcan's Brazilian subsidiary posted a loss of US\$33m in the second quarter against break-even. North American operations returned to profitability in the second quarter, but were still below the year earlier level. Pacific area earnings were reduced because of problems in Australia.

Pathe sues bank Pathe Communications Corpo-

ration, the parent company of the MGM film studios formerly chaired by Mr Giancarlo Par-retti, the Italian financier, has filed a suit in the Los Angeles court against Crédit Lyonnais, writes Nikki Tait in New

The French bank, which provided loan backing for Mr Par-retti's takeover of MGM-UA last year, has been fighting to oust Mr Parretti from Pathe's parent company and MGM's The action charges the bank

with "undermining Pathe's acquisition of MGM/ UA...through a systematic campaign of misrepresenta-tion, coercion and reneging on lending commitments".

CPC disappoints CPC International has reported weaker-than-expected second-quarter earnings, Reuter reports from New York.

The international food processor reported earnings of \$103.8m, or \$1.34 a share, up from the year-ago figure of \$1.23 a share, on sales of \$1.63bn. CPC shares tumbled \$4% to \$82% before the close.

CPC reported first-half net income of \$187.1m, or \$2.41 a share, on sales of \$3.16bn.

HK tightens law on insider trading

HONG KONG will formally implement a tough new law against insider trading which against insider trading which imposes strict penalties on offenders, Reuter reports from

Hong Kong.
The Securities (Insider Dealing) Ordinance will be published today and will take effect on September 1, a gov-ernment spokesman said. Under the law, anyone found guilty of insider trading will be disqualified from directorship

or management of any company for up to five years. Previously, the government's insider trading tribunal only

impose sanctions. The law stipulates that those found guilty will have to sur-render any profit made or pay

the sum of losses avoided, as

well as pay a fine of up to three times the amount of such profits or losses.

It also widens the definition of insider dealing to include those who are contemplating a

takeover bid and who make an offer of inside knowledge. The law previously covered only those who knowingly

inside information. Since the 1987 world stock markets crash highlighted structural flaws in the local bourse, Hong Kong has been tightening trading laws to bring the stock market into line with international practice.

• Jardine Strategic Holdings

has completed the forced conversion of all its outstanding preference shares. A total of 182m ordinary shares, equivalent to 19 per cent of the enlarged capital, were issued as a result of the

Normandy Poseidon gains cash for new acquisitions

AUSTRALIA's Normandy Poseidon mixing group is in a strong position to shop for acquisitions following the sale of its 12 per cent holding in Newcrest Mining for A\$146m (US\$112m). The price is about A\$20m less than Poseidon paid for the stake last August, writes Mark Westfield in

Sydney. Newcrest suffered a significant setback three weeks ago when the federal government rejected its bid to mine the rich Coronation Hill gold and palladium deposit on the grounds that it would offend the religious beliefs of lotal Aborigines.

Poseidon had paid the equivalent of the proceeds to buy control of ACM,

A\$1.25 a share for its stake in Newcrest, but received only A\$1.10 a share when it sold them through Melbourne stockbroker J B Were &

Newcrest shares were trading at A\$1.15 on the Australian Stock Exchange yesterday, down from Wednesday's close of A\$1.22. Newmont Australia and BHP Gold merged last year to form Newcrest, thwarting in the process plans by Normandy Poseidon to try to gain

control of Newmont Australia.

Normandy's stake sale this week has

which in turn controls 49.5 per cent of North Flinders Mines. It also has 75 per cent of Comada Energy, the oil and gas

ACM is 28 per cent owned by AFP Group, a UK-listed and Monaco-based company which is understood to be

the diversified mining house, or Pancontinental Mining.

ACM owns 48 per cent of ACM Gold, which in turn controls 49.5 per cent of Australia, a North Broken Hill subsidiary, for A\$125m.
Pancontinental has been struggling

in the market recently, closing yesterday at 60 cents, well below its high of around A\$2 last year.

The company is an attractive company which is understood to be interested in selling the stake.

Pancontinental suffered a setback recently when the Australian government declined to liberalise its strict uranium mining policy, thereby preventing the company from developing its rich Jabiluka ore

The company is an attractive takeover target. It owns the 100,000-ounce-a-year Paddington gold mine in Western Australia. In Queensland, it has half shares in the Thalanga and Lady Loretts base metals mines, plus 40 per cent of the Kunwarra magnesia project.

Anglo gains coveted Australian springboard

Kenneth Gooding reports on the South African group's chosen vehicle for expansion

NGLO American Corporation of South Africa, the mining and industrial giant, has been given permission by Australia's Foreign Investment Board (FIB) to raise its stake in the newly-merged Normandy Poseidon natural resources. Poseidon natural resources group to 19.9 per cent. This is the clearest indica-

tion yet that Anglo, South Africa's biggest corporation, has chosen Normandy Poseidon as its vehicle for expansion in Australia and that the Australian government will not let international politics get in the way of those plans. Some analysts suggest the

move could have important implications for Australia's resource industries as a whole. "Anglo has established an amazing springboard into the centre of the Australian resource industry." suggests Mr David Sheridan, of James Capel Australia. "Its indoubted worldwide mining skills and huge capital resources could really make a

mark in Australia."

"Anglo says it owns 15.6 per spat of Normandy Poseidon our has no present plans to increase the stake, even though it has FIB permission

to do so. However, there is another large shareholder in Normandy Poseidon which intends to sell when the time is ripe. TNT, the his rival dropped similar alle-financially strapped Australian gations once the relevant

looming presence and the near-certainty that the South Afri-can group would block any bid. Anglo tried for 30 years – with conspicuous failure - to gain a sure foothold in resources-rich Australia. In 1987, it changed tack and merged its Australian offshoot, Anglo American Pacific, with Poseidon. This was believed to be the first takeover of an

Anglo company.
Since 1985, Poseidon has been controlled by Mr Robert Champion de Crespigny who gave up his accountancy prac-tice to build up a mining and exploration group.
Subsequently, Mr de Crespigny has been haunted by

rumours that Anglo and its friends provided him with the initial cash to start his empire and so increase Anglo's interests on a continent where not particularly welcome.

South African investors were Mr de Crespigny says he can easily disprove this theory by taking anyone who is interested through the equity "trail" he followed when building up his group. He points out that, during a bid battle with the TNT group over Poseidon,



De Crespigny: Anglo has been a 'great partner'

papers had been produced. He says Anglo has been "an excellent partner and great supporter" and that his company has a very good technical support agreement with the South African group. He points out, however, that Anglo has no representative on the Normandy Poseidon board and has never asked for one. (Analysts suggest that the groups proba-bly felt that the Australian authorities might have made a director with close South African connections unwelcome). Until recently, Mr de Crespigny kept control of Poseidon

via a 40 per cent stake held by

Normandy, his master com-pany which is controlled by his family. However, these two were merged in May into a group with 50 operations in Australia and New Zealand. It employs 1,800 and has A\$750m of assets in gold, diamonds, industrial minerals and oil. The merged group has management control over production of 700,000 ounces of gold a year, of which its share is about 350,000 ounces. It also has control of about 950,000 carats of diamonds a year and owns Australia's biggest industrial minerals business.

Mr de Crespigny says he decided to push on with the merger earlier than most observers had expected because he wanted to get the group into better shape before the economy began to recover.

↑he merger should remove market con-cerns about the group's complex structure and provide more liquidity for the Normandy Poseidon shares. It should also attract international investors and remove constraints on raising capital.
"Also, I hope it has shown the financial community that we intend to build a company,

Crespigny says.

exception of the industrial minerals business which also has operations in the Far East). Mr de Crespigny also insists that the group "wants to control its own destiny," which means "hands on" management control of its assets and not being simply a passive investor. This corporate philosophy is identical to that of Minorco, Anglo's Luxembourg-based investment subsidiary. The 12 per cent Newcrest Mining stake, sold this week for A\$146m, came into the short-term "passive investment" category. Normandy Poseidon had bought the share-

Newmont Australia. The move triggered the friendly merger between Newmont Australia and BHP's Australian gold operations. The merged company was christened Newcrest. Normandy Poseidon has

holding from Newmont of the US and made a hostile bid for

about A\$160m cash and A\$170m of short-term investments in addition to the money from the Newcrest sale. As Mr de Crespigny points out, it is now in a position to make a large acquisition, should the

opportunity arise.
But it would have to be a not concentrate on retaining very good opportunity. As Mr Michael Hamson, deputy chaircontrol for my family," Mr de man, says cautiously: "There will be no buying spree. Share-The merged group will conholders are not going to gain if you keep buying and buying." tinue to concentrate solely on Australian assets (with the

FT/AIBD INTERNATIONAL BOND SERVICE an adequate secondary martest. Cos. first view other STRANGHTS 1 7.83 SAYERSONE SPECIES INT 7.94 LFT. 1 8.85 WORLD RAIK SP LFT. 1 4.8.65 WORLD RAIK SP LFT. 1 4.8.67 WORLD RAIK SP LFT. 1 4.8.67 WORLD RAIK SP LFT. 1 5.7.93 SEE INC 95.87 95 CS. 1 4.8.69 RETITS OLD MIRK 9 LFT. 2 6 BE LE LE LE CAP LO LA PARTICLE SP LFT. 2 6 BE LE LO SP LE LE LE CAP LO LA PARTICLE SP LFT. 2 8.00 WORLD RAIK LET CAP LO LA 95 CS. 2 80 WORLD PARTICLE LA 95 CS. 2 80 WORLD PARTICLE LO LA 95 CS. 2 80 WORLD PARTICLE LO LA 95 CS. 2 80 W Latest prices at 6:10 pm on July 11 U.S. BOLLAR STRAIGHTS ABBEY HATOMAL 8 7/8 93 ALBERTA PROVINCE 9 3/8 95 ALBERTA PROVINCE 9 3/8 95 ALBERTA 9 1/2 00 BANK OF TOKYO 8 3/8 96 BELGON 9 1/8 92 BFC 7 3/4 97 BY 6 249 CEDIT FORCLEY 1/2 77 COLMARK 0 9 OCHMARK 8 1/4 94 ECKS 8 1/4 94 ECKS 8 1/4 94 ECKS 8 1/4 95 EER 7 1/4 96 EER 7 1/4 97 FIR AMD 7 7/8 97 FIR AMD 7 1/4 95 EER LEE CAPTAL 9 3/8 96 GAMC 9 1/8 96 FIR AMD 8 1/4 7 7/8 97 FIR AMD 8 1/2 97 IAWAN DEV 2/8 99 IAWAN SER DEV 7 1/8 96 IAWAN DEV 2/8 99 IAWAN SER DEV 7 1/8 96 IAWAN DEV 2/8 99 IAWAN SER DEV 7 1/8 96 IAWAN DEV 2/8 99 IAWAN SER DEV 7 1/8 96 IAWAN DEV 2/8 99 IAWAN SER DEV 7 1/8 96 SARSSHAY 9 1/8 96 SARSSHAY 8 3/8 99 WORLD BAMK 8 3/8 99 MORLD SARSSHAY SARSSHAY SARSKAY SARSKA +\s +\s +\sq XERDX CORPN 8 3/8 % DESTINATE MARK STRAIGHTS DESTINATE BK FRS 5/8 % OLUTIONE FAMANCE 7 1/2 % DES 5/4 % DES BE FAMANCE 7 1/2 % IND DEV BE BE NOVA 6/3/8 % INT DES BE NOVA 6/3/8 % INT DES BE NOVA 6/3/8 % MET EST & PROP WITL 7 99 LUFTHANSA BUT FILE 5/7/8 % MET EST & PROP WITL 7 99 LUFTHANSA BUT FILE 5/7/8 % MET DES BURGANY 8/9 SWEDDES & 1/2 % VEHEZIJELA S 1/4 % WORLD BAIK 5 3/4 % MORLD BAIK 5 3/4 % MORLD BAIK 5 3/4 % SWISS FRANC STRANGHTS ASIAN DEV BANK 6 10 ANSTRIA 4 5/8 98 CHULHTSUTA 7 3/4 95 CHULHTSUTA 7 3/4 95 EEC 5 1/2 00 ELE 5 1/2 00 ELE 5 1/2 00 ELE DE FRANC 7 1/4 06 FRILLAND 5 3/8 95 GENERAL NUTORS 7 1/2 95 JAPAN DEV BEAN DAY 8/9 GUEGEC NYDRO 5 06 SKANDINANUSKA ERSK 6 1/2 95 WORLD BANK 5 03 WORLD BANK 7 01 100 94 100 895 50 1014 100 91 100 975 100 975 100 975 100 104 100 185 6.55 6.24 6.29 6.39 6.39 6.67 6.67 6.67 6.67 6.67 6.67 CONVENTIBLE BONDS ARSYLL GROUP 4 1/2 02 £ ASSA MF1 4 3/4 02 £ SURTIN FROM P 4 1/2 02 £ EASTNAN KODAK 6 3/8 01 GOLD KALSON-1E 7 1/2 00 COODYEAR THE 6 7/8 03 GRACE (WRO 6 1/4 02 HANSON 9 1/2 06 £ HAWLEY 6 02 PREF HILL SOMWH 4 1/2 02 £ INTL PAPER 5 3/4 02 LAND SEZS 6 3/4 02 THORN EMISSES 18 8/1 3/4 02 THORN EMISSES 18 8/1 3/4 02 THORN EMISSES 18 1 3/4 04 £

VEM STRAIGHTS
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CABADA 4 38 92
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DEMMARK 7 95
EIR 4 58 94
INTER AMER DEV 7 14 90
ITALY 3 44 92
KANSA ELEC PARE 4 58 94
HEPOR TEL & TEL 5 7/8 96
NORMAY 5 1.8 95
SWEDEN 5 5/8 95
WORLD BANK 6 5/4 90 30000 941, 95 7.08
80000 972, 973, +1, 7.31
20000 941, 945, +1, 7.31
40000 973, 1001, +1, 7.02
40000 974, 1001, +1, 7.00
35000 975, 975, +1, 7.00
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PLOATING PLATE NOTES: Denominated in dollars unless otherwise Indicated. Coupon shown is minimum. Spread Margin above stx-month other of rate (three-month fabove mean rate) for US dollars. C.cpn - The current coupon.

CONVENTELL BOMBS: Denominated in dollars unless otherwise indicated, Crw. price - Nominal amount of bond per share expressed in currency of share at convention that fixed at issue. Prem - Percentage premium of the current effective price of acquiring charce via the bond over the most recent price of the shares.

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Stock-lending privileges question close to solution

THE ISSUE of stock-lending privileges, which posed a barrier to the planned merger of the London International Financial Futures Exchange Cliffe) and the London Traded Options Market (LTOM), is close to being resolved.

The government has tabled

two new clauses to the Finance Bill, empowering the Inland Revenue to extend exemptions to stamp duty and stamp duty reserve tax, and bond-washing

We need to be able to take the market-making privileges of LTOM market makers on the stock exchange and transfer them to the new market, while recognising that the structure will be slightly differ-ent," said Mr Nick Weinreb,

Liffe's deputy market secre-tary. A LTOM member who makes a market in equity options needs to have ready cover positions. Consequently, market-makers are allowed to borrow stock freely, without paying the 0.5 per cent stamp duty on each transaction. They are also exempt from

bond-washing provisions, designed to catch bond and stock holders exempt from capital gains tax from selling their holdings short and then buy them, to avoid tax on divi-Once the Finance Bill is passed, the Inland Revenue will be able to formulate regu-

Liffe is lobbying to persuade the Inland Revenue to grant these concessions to all princi pel traders, rather than just to market-makers who have made a commitment to make contin-uous prices. The Inland Revenue will expect stern policing

of the new exchange in return.

Mr Weinreb said the
exchanges were still on target
to merge by the end of the
year. The stock-lending issue
has to be fully clarified before a prospectus for the merged

exchange is issued. But the other technical barrier to the merger was largely resolved several months ago when a consultative paper pro-posing a clearing system to suit both exchanges met with

Hungarians stall debut issue plans

THE National Bank of dated sterling bond issue Hungary, which borrows on behalf of the Hungarian government, is putting plans for a debut £50m issue in the ster-ling bond market on hold as a result of the threat of civil war in Yugoslavia, an NBH official

The bank held a series of roadshows for UK investors earlier in the year. But fears about the political situation in neighbouring Yugoslavia have had a negative impact on investor appetite for Hungary's debt, the official said. He added that there was no logical reason for the crisis in Yugoslavia The bank hopes to raise around £50m through a long-

Hungary recently completed its first Eurodollar bond offering, a \$100m five-year deal via Bankers Trust Interna-

According to Bankers Trust, that deal was broadly distrib-uted in Europe, the Far East and the US. Demand from US investors has encouraged the National Bank to pursue plans for a deal in the US domestic market, as well as a second Ecu deal.

Hungary is aiming to raise funds totalling about \$4.5bn this year, made up of \$2bn in adjustment loans, \$500m each in net capital investment trade-related loans and credits from G24, in addition to about \$1bn in the international capi-

The bank is also working on a dollar equity-linked transaction, tied to a basket of five to 10 companies which are to be

An official said that Hungary is finding it much easier to raise funds through bond markets than through the syndi-cated loans market, once the traditional route for sovereign

Hungary has the highest per capita debt of any eastern European country, but has never defaulted on or resched-uled its debt.

their presence to make the step into full clearing membership.

BoT Futures , which is based

BoT Futures wins CME membership

By Barbara Durr in Chicago

Bank of Tokyo's futures sub-sidiary as a full clearing mem-

Of the CME's 92 full clearing members, BoT Futures is the 13th Japanese firm to be accepted. The Bank of Tokyo joins such large Japanese banks as Daichi Kangyo, Long

THE Chicago Mercantile Term Credit, Mitsubishi, Mit-Exchange has approved the Bank of Tokyo's futures sub-subsidiaries are full CME clearing members. Japanese firms, including

FT-ACTUARIES SHARE INDICES

in New York, was welcomed by the CME chairman Mr John Sandner, who said that the the big four Japanese securi-ties houses, have increasing Japanese bank's move was furmoved into the Chicago marther evidence of the imporkets over the last decade, but only in the last few years have tance such institutions are placing on the risk management

pressure on rules for auctions THE Bank of England

yesterday came under pressure to amend some of its proce-dures for the auction of UK government bonds, and may propose certain improven before the next auction takes place in the autumn.

The Bank met representa-tives of the 18 gilt-edged mar-ket-makers yesterday to dis-cuss their views on the two gilt auctions which have taken place so far this year, in April and June. Since the Treasury is forecasting a Public Sector Borrowing Requirement of 28bn for the 1991-1992 financial year, the Bank has started a programme of gilt issuance after three years of buying back government debt.

The main point which the gilt-edged market-makers emphasised yesterday was the need for a shorter period of notice for auctions. At present, the Bank gives one month's notice that it will hold a gilt auction, specifying only the date and approximate matu-

that this lead-in period is too long, with the result that investors stay away from the market in the run-up to the auction. It is understood that the Bank is willing to consider changing this procedure in time for the next glit auction.

The Bank also agreed to try to announce auction results as quickly as possible after bidding closes: at the moment, market makers feel that they are exposed in a moving mar-ket while waiting for auction

 A dozen issues in the sterling mortgage-backed securities market were saved from losing their Triple-A status, despite the downgrading of Sun Alliance, the UK insur-ance company, from Triple-A to Double-A plus by Standard & Poor's, writes Tracy Cor-

rigan. Financial Security Assur-ance, a Triple-A rated specialist insurance company, will provide partial guarantees for twelve issues by The Mortgage Corporation, totalling £1.8bn. Special Risk Services acted as broker.

Bank under | TSB deal adds to long-dated issues:

TSB, the UK banking group, yesterday raised £100m in subordinated debt, adding further variety to the weight of longdated sterling bonds issued this week following deals by British Steel and Associated

British Ports. The 20-year issue, underwritten and mostly placed by Warburg Securities, carries a cou-

INTERNATIONAL BONDS

priced at 99.257. At this level, the bonds yield 185 basis points more than the 9 per cent UK gilt maturing 2008.

Warburg said most of the deal had been placed with UK institutional investors hungry for high-yielding assets. Howlong-dated issue of sterling subordinated bonds since 1988. ster and ANZ Bank raised £160m of subordinated debt in shorter 10-year maturity. The last long-dated issue by a bank was TSB's own 10% per cent issue maturing 2008. The new paper was priced to yield 15 basis points more than this

Yesterday's issue counts as Tier II, or non-core, capital under international capital adequacy guidelines laid down by the Basle Committee of central bank regulators. However, TSB has no urgent need for capital. The bank has a capital owned the issue. Participants said that the to assets ratio of 10.69 per cent, pricing was too tight in a frag-

against an 8 per cent requirement under the Basle guide. In May, TSB raised \$33m in Tier II capital through a private placement of floating rate notes in the US market. Elsewhere, Postipankki, the Finnish financial institution, became the latest borrower to

see its issue fare poorly in the Euroline sector. The bank launched a L150bn five-year deal, lead-managed by Banco di Roma, priced to yield

12.32 per cent. However, from

by later afternoon, below the price at which the syndicate

Syndicate managers com-mented that deals were being mis-priced by Italian banks anxious to build market share in the fast-growing Eurolire

Prudential Funding Corporation, the financing arm of Pru-dential Insurance of the US, issued \$200m four-year bonds in a deal lead-managed by Swiss Bank Corporation. The deal is the first four-year

Eurodoliar deal of the year. Since there is no recognised US Treasury benchmark at this maturity, corporate borrowers have tended to concentrate on three-year issues. However, the yield curve is steep at shorter maturities and investors can pick up 30 basis points in yield by switching from three to

four-year bonds. The lead manager said that the deal was supported by demand from Swiss retail investors. Others reported slower placement of the bonds which were priced to yield 44 basis points more than the US Treasury yield curve. However, SBC had undertaken to place \$155m of paper itself.

NE	WINTE	RNATIC	NAL	BOND	ISSU	E5
Волтожег	Amount m.	Сопроз %	Price	MeturRy	Fees	Book runner
US DOLLARS Prudential Funding Corp(a)† Osaka Cement Co.(a)◆ Patroleo Brasileiro(i)†	200 100 250	84 4 ¹ 2 10	101,305 . 100 94.0388	1995 1995 1993	15/12 24/15 15/14	
STERLING TSB Group(b)†	100	12	99.257	2011	50	SG Warburg Secs.
LIRIE Postipankki(a)†	150bn	12.30	101.80	1996	17/14	Banco di Roma
SWISS FRANCS Vissho Corple/Art Toko Inc.(a)*** Ioko inc.(a)*** Varnato Setubi Constr.(d)** Rio Chain Co.(a)** ArtPrivate piacement. \$Converti	100 50 50 40 35	3 ¹ 2 7 ¹ 4 3 ¹ 2 5 ¹ 8 3 ¹ 2	100 100 100 100 100	1995 1996 1995 1996 1995		UBS Credit Sulase Credit Sulase New Japan Seca.(Switz) Nomura Bk (Switz)

DFC NZ takes action on | Tokyo Stock Exchange SecPac swap termination | delists Kyosan Electric

official regulations.

nate," he said.

issue involves "people walking away from contracts and tak-

ing windfall profits". He said

there had been attempts to resolve the matter before the

decision was taken to start

high court proceedings.

By Tracy Corrigan in London and Terry Hall in Wellington

DFC New Zealand has issued court proceedings against Security Pacific Australia, which terminated a swap agreement after DFC was placed under statutory management in October 1969.

DFC, the defunct investment bank formerly owned by the New Zealand government, hopes to recover between US\$3.8m and US\$7.1m, relating to payments to DFC which would have been made under the agreement, plus costs.

In order to avoid suspension of outstanding swap contracts after DFC went under, its entire currency and interest rate swap portfolio, which had a notional principal value of NZ\$3.9bn, was transferred to

KYOSAN Electric, a leading Barclays Bank in Wellington. Security Pacific was the only hank counterparty not to agree to the transfer. Swaps experts (TSE) has announced. said SecPac's stand went The TSE says the company against established market practice, but did not break any

DFC's statutory manager, Mr Sandy Maier, pointed out that standing stocks. SecPac had no other exposure with DFC. "We believe they were not entitled to termi-Mr Maier added that the

Kyosan's equity this year.

By Emiko Terazono in Tokyo

Japanese signal-maker, will be delisted from the first section the Tokyo Stock Exchange

was unable to meet exchange requirements that its 10 largest shareholders comprise less than 80 per cent of total out-Officials said that this was

the first instance of a company being delisted due to the reduction in shareholders as a result of stock cornering.

According to the 5 per cent
rule, which requires investors

with more than a 5 per cent stake in a company to reveal details of the stock purchase stock speculators had cornered

Kyosan will be traded under liquidation post after July 11 before the delisting takes effect October 11. Leading shareholders of the company include Nippon Life, which holds a 9.8 stake and Bank of Yokohama with 4.9 per cent. Some 7.4 per cent is owned by foreign investors, including Baring

hope provide:

nk for 67° s

The TSE also announced that Omikenshi, a textile company, will be relegated to the second section as of August 1. The company's shares have also fallen victim to stock cornering. Omikenshi is also one of the five companies subject to moratorium by the TSE and faces delisting if the number of shareholders requirement is not satisfied by March 31, 1992.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

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_	in conjunction with the	e Insti	tute o	f Actu	aries :	and th	ie Fac	ulty o	f Actu	aries	
_	EQUITY GROUPS	Thursday July 11 1991						Wed Jul 10	Tue Jal 9	Mon Jul 8	Year ago (approx)
_	& SUB-SECTIONS			Est. Earnings		Est. P/E	xd adj.				
	gures in parentheses show number of stocks per section	Index No.	Day's Change %	Yleid% (Max.)	Yield% (Act at (25%)	Ratio (Net)	1991 to date	Index No.	index No.	No.	index No.
1	CAPITAL GOODS (184)	804.14	+0.6 +1.1	10.81 9.55	6.00 6.10		18.16 30.46	799,69 1010.70	794,76 999,43		
3	Contracting, Construction (31)	11133.41	+0.5	9.83		13.44					1445.64
4	Electricals (10)	12299.53	-0.1	11.17	5.82	11.40	61.85		2283.27		2389.18
5	Electronics (25)	1714,26	+0.4	8.79	5.25	15.13	10,13	1707.09	1690.04	1689.41	1817.72
6	Engineering-Aerospace (8)	407.36	-0.1	16.81		7.14				403.33	
7		433.45	+0.1			9.62					
8	Metals and Metal Forming (8) Motors (12)	150.//	- EIF	16.08 13.05	8.05 7.99	7.64 9.03		438.68 298.85	435.19 301.47	428.36 298.69	
	Other industrial Materials (20)		+0.7	9.15		12.86	34.85				1605.85
21	CONSUMER GROUP (187)		+0.2	7.97	3.70	15.44		1467.86		1444.95	
22	Brewers and Distillers (22)	1779.74	+0.3	8.65		14.10		1774.51		1755.06	
25	Brewers and Distillers (22)	1177,94	-0.4	9.74	4.20	12.67	23.29	1183.13		1178.58	
26	Food Retailing (17)	2669.94	+0.4	8.07	3.14	16.21	39.61			2613.22	2538.99
27	Health and Household (22)	3591.23	+0.1	5.30	2.40	21.56	30.21	3588.90		3535.73	2644.82
29	Hotels and Leisure (23)	1226.40	+0.4	10.37	5.65	11.51		1221.89		1196.09	
30	Media (26)	1383.50	+0.4 -1.0	9.23 8.00	5.08 4.69	13.73 15.10	29.60 14.33	1379.56 711.03			0.00 614.10
31 34	Packaging, Paper & Printing (17)	914 63	+0.8	8.47	3.97	15.42	16.28	907.04	708.75 891.88	884.83	
35	Stores (32) Textiles (9)	536.62	+1.2	9.34	5.78	13.29	13.79	530.21	532.52	535.98	
40	OTHER GROUPS (109)	1226.64	-0.5	10.21	5.23	12.07	21.16	1232.38	1222.67	1214.53	
41	OTHER GROUPS (109)	1271.62		9.02	5.12	13.54	29.13	1271.33	1250.43		0.00
42	Chemicals (21)	N 198 89		8.00	5.15	14.10		1398.41		1385.74	
43	Conglomerates (1,0)	1423.80	+0.2	10.71	7.29	11.28		1420.78	1407.44		
44 45	Transport (LS)	2132.04	+0.3	8.78 14.33	4.95 5.39	14.11 8.91	46.60	2145.60 1214.30		2145,14 1205.36	0.00
42	Electricity (16)	1443 62	-L3	10.13	4.16	12.91	5.58	1483.13		1432.56	
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59	500 SHARE INDEX (500)	1330.89		9.50	4.77	13.10			1320.77	_	1277.57
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62	FINANCIAL GROUP (94)	882.34	10.6	6.79	6.28	22.28	22.63	877.09	863.96	857.80	867.32
65	Insurance (Life) (7)	1471.52		- 1	5.62			1471.23	1483.23	1470.83	1461.40
66	Insurance (Composite) (6)	l 663.581	-0.2 °	! <u>-</u> _1	6.60	. <u>-</u> l	20.23	665.08	665.79	662.93	691.91
67	Insurance (Brokers) (8)	1160.51	+0.7	6.72	5.84	19.28	29.60	1152.14	1139.11		987.13
69	Merchant Banks (7)	917.27	+0.1	6.31	5.02 5.27	22.74	11.00 19.29	417.25 885.48	418.03 889.59	419.38 885.73	436.98 1102.00
70	Property (37)	258 51	+0.3	11.09	6.98	11.28	7.80	257.68	257.65	257.74	289.43
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Mangailt to each

UK COMPANY NEWS

Cost of Mecca purchase sends Rank lower to £96m

By David Churchill, Leisure Industries Correspondent

THE RECESSION and the cost of taking on Mecca Leisure's debts has begun to take its toll on the Rank Organisation, the Jelsure operator with interests including cinemas, casinos, bingo balls and Butlins holiday

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camps. Interim pre-tax profits for the 28 weeks ended May 18 were 196m, down sharply from

The figures were not as bad as expected by the City mainly due to an unchanged 580.1m contribution, higher than had been anticipated, from its Rank Xerox investment. The shares closed the day 3p higher at 663p after initially gaining

The main cause of the profits fall was a rise in interest costs from £6.7m to £48.8m resulting from the assumption of Mecca's debts following its takeover last August for £500m. In addition, there were higher interest charges on the 50 per cent investment in the Universal Studios theme park in Orlando, Florida, which opened last vear.

Present borrowings were said by the company to be £1.03hn.

Rank has found the recession having a more marked effect on its leisure operations than it expected at the begin-ning of the year. I said then that we were cautious but calm, now we're bloody but unbowed," said Mr Michael Gifford, chief executive yesterday. Turnover for the period rose from £522.2m to £983.6m includ-

ing a first contribution from Mecca. Trading profits were £53.4m). Earnings per share fell from

The Rank Or

Bloody but unbowed: Michael Gifford, left, and Sir Patrick Meaney, chairman

has been maintained at 10.25p. Across the trading divisions, the worst performance came from film and television which saw trading profits fall from £17.1m to £8.4m. This was largely as a result of less duplication of video cassettes worldwide and poor trading conditions in the main markets for the Precision Industries' technical products.

However, some leisure mar-kets in the UK had held up better than expected, said Rank. Bingo profits had increased by £3m with a 10 per cent increase in average spend and although nightclub admissions had fallen by 10 per cent, trading profits had improved

due to reduced costs. The Butlins and Warners holiday camps were expecting a buoyant summer, while its five London hotels were exper-iencing occupancy rates at the same level as last year due to aggressive marketing. Mr Gifford, however, said

that there was no early sign of an end to the recession.

• A Kershaw and Sons, which holds 40 per cent of the ordi-nary capital of Rank Precision industries (Holdings), the indi-rect owner of half the group's interest in Rank Xerox, announced pre-tax profits for the same period of £3.23m (£3.27m). Earnings per share were 9.1p (9p). See Lex

Europe provides spark for 67% rise at Domino

Domino Printing Sciences, the Cambridge based ink jet specialist, yesterday reported a 67 per cent increase in interim profits on the back of an expanding European business writes Roland Rudd.

Profits for the half-year to end-April rose from £2.05m to 23.43m on turnover increased to £26.4m (£20.6m).

Continental sales were boosted by new European legis: lation requiring use-by and best-before explry dates on fro-zen food and beverages and anharmaceuticals

The new regulations were cent jump in European turn-over (excluding the recent sequisitions in France and Spain) from £10.8m to £13.7m.

The interim dividend is lifted to 2.1p (1.75p). Earnings per

share were 7.05p (11.1p).

The only geographical area in which sales fell was the US, where turnover was down 5 per cent from £5.9m to £5.6m.

Cabra dives into the red

CABRA ESTATES, property company that owns the west London football grounds of both Chelsea and Fulham, made a pre-tax loss of £11.3m in the year to March 31 and passed its final dividend. This compared with pre-tax profits of £3.63m in the previ-ous 15 months. Turnover fell to £54.3m (£91.9m). Mr John Dug-

gan, chairman, described the year as "one of the worst ever experienced within our sector. This showed in the dwindling turnover from property transactions: £13.6m compared with £77.8m, albeit in the longer period.

sion, which came in as part of the £40m acquisition of Rohan Group in March last year, was the other main constituent of turnover with £32.39m, on which a pre-tax profit of

£800,000 was made. Overall, a loss of £2.83m (profit of £8.88m) was incurred before net interest costs of

£5.11m (£2.76m). Write downs

in property values amounted to £3.23m (£3.5m), taken as an exceptional loss.

At Stamford Bridge, the near 12-acre site occupied by Chel-sea Football Club, an independent valuation is awaited based on the August 1988 level. Cahra said it believed the valuation would exceed the site's book worth of £32m. The ground was valued at £40m by Savills, the surveyors, in 1988. Mr. Ken Bates, chairman of

the club which has an option to buy the site, has countered with an estimate of between £6m and £10m. Fulham's Craven Cottage The two grounds account for more than 60 per cent of com-

pany's property portfolio. Cabra's retained loss was £10.35m and net assets fell to £51.1m (£64.6m), giving 45.73p per share compared with yes-terday's closing price of 11.5p. Losses were 10.2p (earnings 2.37p). The dividend is limited

to an interim 0.1p (1.25p).

Rough ride at AGM for **Storehouse**

directors

By John Thornhill

SHAREHOLDERS at the annual meeting of Storehouse, the retailing group, gave their directors a rough ride after being told it was inevitable that there would be a loss in the first half of this year.

Storehouse, which owns the BhS, Habitat, Richards, Blazer and Mothercare chains, said the recession had hit the busi-ness hard. Sales had been running at 8 per cent below last year's level although the gap had narrowed in the past few

Mr Ian Hay Davison, chairman, said: "We are in the deepest recession since the 1930s. All recessions do come to an end but what we cannot

say is when."

He added, however, that the group had completed its restructuring programme and remained strong financially with no net debt - "an envi-able position for any retailer": Shareholders seemed dis-tinctly unimpressed and grilled the board relentlessly over the company's poor performance and the total level of directors pay, which had risen 60 per cent since 1986 to £1.63m.

One speaker urged shareholders to vote against the re-election of two directors who had just received three-year service contracts, and against another non-executive director who he said was responsible for setting high levels of remu-neration in the past. Although the proposal met

with some sympathy at the meeting it was overwhelmed by the proxy votes of the big institutional shareholders. Mr Davison defended the level of directors' pay — which collectively rose only 7 percent last year — and said that all the board had joined

recently and could not be held accountable for past mistakes. "We have brought in new retailers. They do not come cheap and yet they are essential if we are to turn the company round. It really is not fair to say 'gosh' - these chaps have voted themselves

very big pay increases. For them it is quite a venture, quite a gamble," he said. But some shareholders remained sceptical: "If you shuffle the pack frequently enough then you never pin the responsibility on anybody. The directors should be put at the same financial risk as shareholders," said one.

troops that catch it not the generals," grumbled another.

Kwik Save expands

Kwik Save has acquired seven Grandways stores in the north-east of England from William Jackson & Son for £1.5m cash.

Real ale resurgence lifts Greene King

Anglian-based brewer, vesterday reported a 10 per cent increase in pre-tax profits from £20.1m to £22.1m for the 53 weeks to May 5.

A £1.1m advertising campaign helped the company record a 6 per cent increase in its IPA and Abbot Ale brands. Beer volumes overall increased by 4 per cent. Turnover was up 16 per cent from £109.2m to £126.3m.

After assimilating 87 pubs bought last year from Allied Breweries, the group has been looking to expand its pub network further.
However, Mr Simon Redman,

chairman, said all the pubs on

looked at had been rejected as 'unsatisfactory".

"There are so many rural pubs on the market which should close because they are never going to make money" he said. "These are the worst trading conditions I have experienced.'

Mr Redman said the industry had suffered from the increase in beer duty, which was raised to 9.3 per cent, and the govern-ment's decision to take another 25 per cent in VAT.

recessions in the UK and US.

The government thought that the increase in beer would be offset by the reduction in the poll tax' said Mr Redman. "The problem is that half our

GREENE KING, the East the market which he had so far customers probably do not pay the poll tax."

The company incurred an interest charge of £4.9m (£1.36m) from borrowings of £50m, representing 25 per cent of shareholders' funds. It wrote off £8m as an

extraordinary item following the collapse of Big R, its 33 per cent-owned leisure associate. Earnings per share improved from 34.1p to 38.2p. A recom-mended final dividend of 7.5p makes 10.8p (9.8p) for the year.

COMMENT A thirst for Greene King's beer brands helped the company surpass market expectations in

still on the high side, is coming down and property valuations later this year are expected to increase the value of its net assets. However, the good news has to be offset against some had The company has guaranteed loans of up to £10m to the Butterfly Hotels group, in which it has a 35 per cent stake. That is a risk that shareholders could do without. There are also bad debt provisions of £900,000 because of banks forestalling on free trade outlets in debt to the company. The good still outweights the bad since the market is expecting another increase in profits manding multiple of 9.8.

a difficult year. The debt, while **NEWS DIGEST**

Hampers boost Park Food to £4m

BUOYED by an increase in its hampers division Park Food Group reported pre-tax profits for the year to end-March up from £3.03m to £3.99m. There was a fall into the red at the temperature controlled division and an increased loss in

In the drinks division Lamb & Watt Vintners was sold and there was an extraordinary charge of £1.59m relating to closure costs and write-offs. Group turnover was £119.6m (£107.9m) and earnings per share were 24.05p (16.46p). A final dividend of 5.7p is pro-

Morris Ashby held back by acquisition

posed for a total of 8p (6.3p).

Problems with an acquisition led to an 8 per cent decline in pre-tax profits at Morris Ashby, the specialist alumin-ium discasting group. In the year to March 31 they came to £1.05m, against £1.15m.

Turnover rose to £12.5m (£11.1m). Earnings per share worked through at 8.7p (9.2p). The final dividend is 2.4p for a same again total of 4.1p.

Jurys Hotel slowed by war and recession

In spite of problems in the second balf, Jurys Hotel Group managed a satisfactory outcome in that period and pushed up annual pre-tax profits from IE3.13m to IE3.26m Mr Walter Beatty, chairman

of the Dublin-based group, said the second half suffered from the effects of the Gulf war and from Lloyds will be £637,000.

Turnover for the year to April 30 rose to 1927m (1922m) and trading profit to 125.05m (123.87m). Interest charges were 121.8m (12742.000). Earnings came to 11.1p (12.4p) and the dividend is held at 5p on capital increased by a rights issue, the final being 3p.

Symonds Eng halved at £220,000

Symonds Engineering reported pre-tax profits halved at £220,000 in the year to the end of March, against \$564,000.
From earnings of 1.72p, compared with 3.32p, the recommended final dividend is 0.7p (0.8p) making a total for the year down from 1.25p to 1p.

Changes in Miskin shareholdings

There are to be changes to the main shareholdings at Miskin Group, the USM-quoted construction and property development and investment com-

Transfers between the main shareholders for a nil consider-ation will mean Gamlestaden will lift its stake from 28 per cent to 49.9 per cent, while Viewzeal will cut its holding from 28 per cent to 13 per cent and the directors from 32 per cent to 25 per cent.

Gamlestaden will inject additional working capital of £1.1m to assist in financing current contracts. Miskin will be making a further provision of about £4m in the current six

months against deterioration in value of properties. Gamlestaden is capitalising its existing loan into 1.85m "A" preference shares and Lloyds Bank is subscribing for 2.6m of that class of capital through capitalising £4.16m of loans ter that

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interim report covering the six months to January 31 1991. Turnover came to £4.94m (£3.37m). Interest charges were £107,000 (received £69,000), leaving a loss of £630,000 (profit £302,000). Losses per share worked through at 3.3p (earnings 2.7p). The current accounting period is running for 18 months.

Miskin has issued a second

TR Technology net asset value ahead

TR Technology, investment trust, had a net asset value per share of 124.25p at April 30 compared with 118.25p a year

Net revenue for the year to April improved from £3.04m to £3.33m for earnings of 3.64p (3.1p). The directors are proposing to lift the dividend total to 2.2p (2p), which includes a spe-cial payment of 0.45p (0.4p).

Torex Hire tumbles to losses of £0.23m

Torex Hire, the USM-quoted tool and small plant hirer, tum-bled from profits of £288,000 to losses of £228,000 pre-tax in the six months to April 30. The interim dividend is passed – last time 0.8p was paid. Turnover slipped to £2.09m

(£2.48m), but operating profits declined sharply to £15,000 (£493,000). Losses per share emerged at 1.57p (earnings 1.91p), after a tax credit of £71,000 (charge £101,000).

Clarke Foods makes a maiden £0.36m

Clarke Foods, the ice cream company created by Mr Henry D Clarke from the ashes of Yelverton Investments, reported pre-tax profits of £364,000 in the six months to April 30.

In the corresponding period the taxable result was £705,000, but Mr Clarke said it was not directly comparable because it had included a dealing profit of £362,000 from the sale of a single investment.

The company joined the USM in March and plans to liquidate its remaining investments by October 31, its yearend. Turnover emerged at £1.78m and earnings per share were 1.65p basic and 1.62p fully diluted. The interim dividend is maintained at 0.75p.

DBS Management ahead to £927.000

DBS Management group, which includes the UK's larg-est network of independent financial advisers, almost doubled its pre-tax profit from £523,000 to £927,000 in the year to March 31.

Turnover advanced to £2.4m (£1.27m). Fully diluted earnings per share were 18.7p (12.1p) and the dividend is lifted to 6p (4p).

MBE Finance N.V.

US \$30,000,000

Guaranteed Dual Basis

Bonds due 2001

US \$20,000,000 Series "A"

Guaranteed Dual Basis Bonds due 2001

ANY **QUESTIONS?**



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US \$10,000,000 Series "B" Guaranteed Dual Basis Bonds due 2001 provisions of the above mentioned Bonds, notice is hereby given as follows:

January 13, 1992 US \$362.29

July 12, 1991 to January 13, 1992 January 13, 1993 6.95% per annum

US \$357 15 BANQUE INTERNATIONALE A LUXEMBOURG Société Anonyme AGENT BANK

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Yuen Foong Yu Paper Manufacturing Co., Ltd (Incorporated with limited liability in Turum, Republic of China)

U.S. \$100,000,000

2 per cent. Bonds due 1999

NOTICE IS HEREBY GIVEN that the 1990 Annual Report of Yuen Joong Yu Paper Manufacturing Co., Ltd are available upon reques tom the offices of one of the Paying and Conversion Agents listed

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A Company, London 12th July, 1991

Agent Bank

CHEMICAL NEW YORK CORPORATION US\$250,000,000 FLOATING BATE NOTES DUE OCTOBER 1997

in accordance with the provisions of the Notes, notice is hereby given that for the interest period from 11 July 1991 to 11 October 1991 the Notes carry an interest rate of 6 1/5 per aurum The interest payable on the relevant interest payment date, Il October 1991, agamst coupon no 24 will be 185796.61 per US\$50,000 note.

CHEMICAI RANK

Greene King Success through Brand Strength

- Sales of beer by volume up by 4%.
- Volume of Greene King IPA and Abbot Ale up by 6%.
- Substantial gains in market share.
- Further increased investment in promotion of our brands to enhance strong position in market.

"These very satisfactory results, produced in extremely difficult truding conditions, are a tribute to the strength of our brands and the people who sell them."

	1991 (53 weeks) £600	1990 (52 weeks) 2000	Intrease
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Trading Profit	23,985	18,230	+27
Profit before tax	22,057	20,136	+10
Earnings per share	38.2p	34.1p	+12
Dividend per share	10.8p	9.8р	+10

GREENE KING PLC

Copies of the 1998/91 Assauld Report can be obtained from The Company Western, Mestigate Review, Harry St. Edigands, Soffolk II St. 197

1990 Final Dividend

The Board of Directors of Telefónica de España, S.A. in its meeting held on June 7th, 1991, adopted the following resolution:

To distribute a final dividend for the fiscal year 1990 to Telefónica shares that will be the following and the for each one of the shares indicated below:

Share Number

🍇 l to 926.958.077

Gross amount Net amount (Pesecas)

30.00

It was also agreed that the payment of the dividend shall be carried out on July 31st, 1991, with charge coupon number 138. Credit and Trustee Entities which work with Telefonica and Spanish Stock Exchanges will perform their pwin deposits; holders of shares and Credit and Trustee Entities which do not work with Telefonica will perform them in the walk offices, subsidiaries or agencies of any of the following Entities:

Banco Bilbao-Vizcaya, Central Español de Crédito, Exterior de España, Hispano Americano, Santander, Caja Postal, Confederación Española de Cajas de Algoro, Caja Madrid, Caixa and Bancoval and other Entities with Mom Telefónica maintains commercial relations.

The share confidences related to a number of shares that, for whosever reason, are presented for cancellation on the dividend payment date shall be understood as having exercised this gets, for which reason they must be presented adequately stamped, stating textually:

"All rights exercised up to 31-07-91"

The paying Entities shall strictly comply with the instructions received from the Issuing Entity, both in order to produce the corresponding debits and to accept those from other Entities.

Telefónica

THE BOARD OF DIRECTORS

Madrid, July 10th, 1991.

Interest costs cut Asda to £173m

By John Thornhill

ASDA GROUP, the food and furnishings retailer, yesterday did little to dispel City con-cerns about its lack of direc-tion and high level of borrowings when it unveiled a "disappointing" set of annual

Pre-tax profits slipped from £180m to £173m before provid-ing for £4.5m of supplemental interest on its convertible bonds. The interest bill bailooned from £29.9m to £85.5m. The group gave little indica-tion of how its debt burden of

£872m at the year-end could be driven down but suggested that it was not looking to raise money through selling or leasing properties.
Asda's shares, which have

come under intense pressure in recent weeks, rose 1p to 89p as fears of an imminent rights

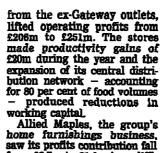
issue proved groundless. But Mr Tony MacNeary, food retailing analyst at County NatWest, commented: "Financing is an issue that has not receded at all. The rights issue

risk is still there." Asda said the search for a chief executive to replace Mr
John Hardman — who abruptly left last month after a boardroom shake-up - was progressing well. But it is still likely to be some weeks before an appointment can be made.

Sir Godfrey Messervy, the non-executive director who took over the role of chairman on Mr Hardman's departure. has recently been out of action because of a mild stroke but it is hoped he will return in a few

Asda's sales in the year to April 27 rose from £3.55bn to £4.47bn and group operating profits were strongly ahead at 62m (£225m). Progress was made in integrating the 60 stores bought

from Gateway for £705m in 1989. During the year 37 stores were converted to the Asda format and a further 20 will be completed by November. Asda stores, reflecting the first full year's contribution



from £6.7m to £1.6m in a diffi-

Asda's share of the losses at

MFI, the furniture retailer in

which it has a 25 per cent stake, increased by £2.7m to

£4.2m. But since November 1990 Asda treated MFI as a

trade investment rather than

The group's property arm. Gazely, contributed £10.2m

Fully diluted earnings per

share slipped marginally to 10.01p (10.13p). The final divided is held at 2.95p for an

an associated company.

cult market.

(£12.4m)

Sir Godfrey Messervy: took over after board shake-up

confidence in the inherent strength of the business.

Pearson and **Reed show** interest in **Sthn News**

By Maggle Urry

A POTENTIAL auction for Southern Newspapers appeared to be developing yesterday as first Pearson, the publishing, banking and industrial group, and then Reed International, the publishing group, expressed interest. Southern is already under threat of a hostile bid from Trinity International Hold-

ings. Southern yesterday reiterated its advice to its share-holders not to sell their shares or sign any forms sent to

Westminster Press, the provincial newspaper subsidiary of Pearson, publisher of the Financial Times, and Reed both said they were applying to the Secretary of State for Trade and Industry to approve the transfer of Southern's

Under UK law changes of ownership of newspapers must have the Secretary of State's

approval.

Trinity has already asked the Secretary of State to consent to it buying the Southern papers. A referral to the Monopolies and Mergers Commission is expected and no decision is likely before mid-September. Like Trinity, Pearmand and Read Trinity, Pearmand and Read Trinity, Pearmand Read Trinity. son and Reed are reserving their right not to bid even if consent is given. None of the three have indicated likely

Mr Hew Stevenson, chief executive of Westminster Press, said that friendly talks about a merger had been held with Southern for some time. Westminster Press owns some papers in south-west England, but Mr Stevenson said those had only minimal overlap with

Southern's titles. Reed said its regional newspaper strategy was based on developing groups of titles, so far it has three areas of operation - around London, in the Midlands and in the north of England. It said "a further group based in southern England would fit logically into this strategy and discussions have been held recently, and over time with Southern

Trinity's papers include the Daily Post and Echo in Liverpool and it does not have titles in Southern's area.

Mr Stevenson said Westminster Press would not normally ask for government approval until an agreement had been reached with another party. However, because Trinity had declared its interest, Westminster Press decided to set the wheels in motion too. Reed said it wanted to retain its flexibility in relation to

Southern.
Trinity has bought some shares in Southern, which are traded on a matched bargain basis under Rule 535 (2), at 200p each. Mr Stevenson said Pearson did not plan to buy shares in Southern unless an agreement had been reached with its directors.

Pearson shares rose 6p to

706p yesterday, Reed's were unchanged at 420p, while Trinity's were steady at

NZ\$150,000,000

NZ\$5.000.000 note.

JPMorgan

October, 1991.

Bankers Trust Company, London

BANK OF NEW ZEALAND

Floating rate notes due 1992

For the three months 10 July, 1991 to 10 October, 1991 the notes will

carry an interest rate of 9.09846% per unnum. Interest payable on the relevant interest payment date 10 October, 1991 will amount to

NZ\$22,933.10 per NZ\$1,000,000 note and NZ\$114,665.52 per

MNC Financial, Inc. (formerly Equitable Bancorporation Overseus Finance N.V.)

U.S. \$50,000,000

Guaranteed Senior Floating Rate Notes due 1994

For the three month period 11th July, 1991 to 11th October, 1991 the

Notes will carry an interest rate of 6 % per annum with a coupon amount of U.S. \$164.51 per U.S. \$10,000 Note, payable on 11th

Agent: Morgan Guaranty Trust Company

UniChem joins Macarthy battle with £70m cash and shares bid

By Jane Fuller

UNICHEM, the pharm-aceuticals wholesaler that transformed itself from a co-operative into a quoted company last year, has entered the bat tle for Macarthy with a 270.1m bid.

The move came two days after Grampian Holdings, the Scottish mini-conglomerate. increased its offer for the pharmaceuticals retailer and maker which includes the Savory & Moore high street chain, to

Others may also enter the auction. Macarthy said yesterday that UniChem was just one of the parties that had expressed "serious interest in making an offer" since Gramp-ian launched its hostile bid on May 22. Shareholders were advised to "take no action for the time being".

Macarthy's shares, which were trading at about 165p before Grampian set the ball rolling, gained 24p to close at 256p yesterday. UniChem's offer of seven shares and 420p cash for every six Macarthy was equivalent to 252p.

UniChem's move on Macar-thy is rich with irony. In 1988, Macarthy bid unsuccessfully for UniChem and then fought its share incentive scheme for the pharmacist members it

By the time the Monopolies and Mergers Commission ruled that UniChem's scheme was anti-competitive, Macarthy had abandoned its attempt to remain a national pharmaceuticals wholesaler. Mr Peter Dodd, chief execu-

tive of UniChem, which is about 70 per cent owned by more than 4,000 pharmacists, said that Macarthy's chemists' shops were tied into an agreement to take most of their medical pharmaceuticals from Medicapharma, the Dutch buyer of Macarthy's wholesal-ing operation. "However, 50

per cent of the business is over the counter and not subject to

UniChem has moved into retailing since its November flotation and £25.7m rights issue with the purchase of 18

shops for £5m. At the end of December, it had about £10.5m net cash and shareholders' funds of £81m. Mr Jeff Harris, finance director, said the £20m cash element of the deal and Macarthy's £15m debt would give group gearing of 85 to 40 per

About 33m UniChem shares would have to be issued, increasing the equity by a third. Last year Macarthy made pre-tax profits of £4.5m and UniChem's offer is 22 times earnings. In the first half Macarthy grew 15 per cent. UniChem, which has a mar-ket value of about £150m, made pre-tax profits of £16.4m in 1990.

Depositors face wait as BCMB talks fail

Cray Electronics back

in the black with £3.5m

TALKS AIMED at saving British & Commonwealth Merchant Bank collapsed yesterday, as a result of which the bank's 7,000 personal depositors will have to wait two and half years to get all their money back, it was announced

Mr Stephen Adamson of Ernst & Young, appointed administrator of the bank a year ago on the collapse of its parent, the British & Common-wealth financial services group, said negotiations to sell the bank to Charterhouse had fallen through. The two sides

Wheway shares

drop 7p to 29p as

Wheway, environmental

engineer, yesterday warned of

a sharp profit fall and a cut in

dividend for the current year and at the same time

announced a £16.5m cash call,

issue is on a one-for-one basis

at 25p. The shares closed 7p

down from £3.51m to £1.37m, and the directors said that

trading for the second half

Earnings per share were 1.3p (3.45p). The interim dividend is

again 1p and a minimum final of 1p (2p) is forecast. Sale of the remaining busi-

nesses in the industrial and

building and products division

was taking much longer than originally forecast. The direc-

tors have provided an extraor-

dinary charge of £9.9m to cover

the complete withdrawal from

looked likely to be similar.

The underwritten rights

Pre-tax profits for the half

profits decline

disagreed significantly over the level of provisions needed against BCMB's loan book. Talks earlier this year to sell the bank to Cukurova, a Turkish bank, also fell through when Cukurova failed to raise a standby credit facility to sup-

port its purchase. The administrators had given Charterhouse an exclusive negotiating period until June 30 to reach agreement.

About 40 BCMB staff were laid off as the deadline passed. and the jobs of the remaining 45 will now be lost, although a

number of staff will be

CRAY ELECTRONICS, the

high technology group which made the initial bid in the

takeover battle, now in its

third month, for SD-Scicon, the

computing services company,

improved profits and cut bor-rowings substantially last year.

Results for the year to April 30 showed turnover down from

consequence of disposals of

However, pre-tax profits were £3.51m against losses of

22.79m in the previous year.
Earnings were 2.5p (losses of 2.8p). No dividend is proposed.
The results exceeded predictions of profits of not less than

£3.2m and earnings of 2.2p

made in the offer document for

SD-Scicon in May. Cray achieved notoriety in

1989 when it had to change its

accounting policies, revealing

that the previous two years'

profits had been overstated.

non-core assets and businesses.

By Aian Cane

year ended March 31 1991 were 1117m to £107m, chiefly as a

retained to help the administrators with the wind-down of the bank. The administrators expect to pay out £120m to depositors at the end of September, repre-

senting 40p in the £. The remaining £180m will be paid only after the bank's loan book has been run down. This is likely to be by December 1993, the administrators said. Some 40 per cent of BCMB's loans are to the property sec-tor, and it is over these that mainly to have arisen.

At the start of the adminis-

New management under Sir Peter Michael was installed

and yesterday's results repre-sented the first full year's fig-

The balance sheet has been

strengthened to show net cur-

rent assets of £14.6m compared

with net current liabilities of

£3.1m last year. Gearing is now

120 per cent, about half last

Sir Peter said that orders in

the past three months were

ahead of the same period last

year but the recession

remained the principal factor limiting growth.

Scicon showed the group was willing and able to expand by

Cray's all-share offer remains on the table but has

been superseded by a superior

cash offer from Electronic Data

See Lex

selective acquisition.

Systems of the US.

He said that the offer for SD-

ures under his team.

BCMB's assets was £390m, giv-ing it a comfortable cushion over the £300m it owed deposi-

Since then, a £22m provision has been made against the bank's exposure on local authority swaps, and "tens of millions" more have been set aside as a provision against loan losses, Mr Adamson said. However, he added that he was confident a "substantial" surplus still existed in the BCMB loan book and that depositors would get all of their money back.

P-E makes £9.4m agreed offer for Handley-Walker

P-E International, the management and computer consultancy group is making its third acquisition in the past year via an agreed offer for Handley-Walker Group, the USM-quoted management con-sultant, writes Nigel Clark. With P-E shares closing at

185p, down 8p, the 7-for-10 share-exchange offer values each Handley share at 130p, or a total of £9.4m. Handley's directors and certain other shareholders representing 34.6 per cent of the shares have undertaken to accept. Handley shares closed at 117p, up 27p.

Handley reported pre-tax profits of £1.38m in 1990 on turnover of £14.2m. Net tangible assets were £3.3m. The company is expected to make £1.7m in the current year. In 1990 P-E made £4.2m pretax on turnover of 265m with net assets of £13.8m. For the present year profits of between 55m and 55.3m are anticipated.

Prices for electricity described for the purposes of the electricity pooling and sedienced arrangements in England and Vision.

Leica to revert to private status through 70p offer

By Richard Gourlay

MR STEPHEN Schmidheiny, one of the world's richest men, is to take Leica private a little more than a year after the Swiss optics and camera group reversed into Cambridge Instruments, the high-tech group which emerged from the Vational Enterprise Board.

Form-Feed of the Nether-lands, which with another of Mr Schmidheiny's holding companies, Unotec of Switzer-land, controls 87.8 per cent of Lelca, is to pay 700 per share for the rest of the company. The offer has been recom-

mended by independent Leica directors and its financial advisers, James Capel. Mr Karl Kalbag, Leica finance director, said the group needed new capital to

strengthen the balance sheet and that there was little value in having a public quotation when so little stock could be The time and money spent running a public company could better be used on the

restructuring programme that started after Cambridge and Wild Leitz merged last April to

form Leica.

Mr Schmidheiny, who with
his brother is believed to preside over a multi-billion dollar

Cabra Estates ... Clarke Foods § Domino Printing Greene King

Jurys Hotel ... Leica Morris Ashby

DIVIDENDS ANNOUNCED

Oct 3

Aug 9 Sept 2 Aug 29 Sept 3

Oct 1

Aug 19 Oct 3

Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue, fon capital increased by rights and/or acquisition issues. §USM stock, IMinimum final of 1p is

forecast. Firish currency. #fincludes special 0.45p payment.

2.95

nil 0.75

0.7 nii 1.75

empire, has large but non-controlling interests in Asea Brown Boveri, the Swedish-Swiss engineering group, and SMH, the maker of Omega and Swatch watches, among other investments.

Mr Kalbag said he hoped Leica would return to one or more stock markets in a strengthened form. It has always been Mr Schmidheiny's intention not to have a majority in Leica, let alone 100 per cent," he said.

Mr Schmidheiny increased his stake in the company to above 70 per cent as a result of the merger with Cambridge, and increased it further after buying out Mr Terence Gooding, Cambridge's founder. Leica yesterday reported a

fall in pre-tax profits from 26.01m to £1.66m in the year to March 31 on sales quadrupled at £540.4m reflecting the merger with Cambridge.
Earnings per share fell from 4.94p to 0.37p and there is no final dividend, leaving the total

for the year at 0.28p, down from 0.94p. Interest rose from £308,000 to

£13.97m as the company continued to face substantial rationalisation costs that offset efforts to reduce debt.

year

0,1

10.8

5t 0.28

2.2

nii 0.75 1.75 5.9 3 0.68 2.4 4.35 10.25 0.8

MEPs try to block summer raid on ICI

By David Buchan in Brussels and Robert Peston in London

THE EUROPEAN Parliament yesterday urged the European Commission to stretch out its examination of any bid by Hanson for ICI to the legal maximum of four months in order to prevent Lord Hauson trying to take over the UK chemicals company in a surprise summer raid.

In a resolution, passed by 133 votes, with 33 against and 51 abstentions, the Parliament asked the Commission not to permit any takeover of ICI by Hanson on the basis of one month's summary review. According to last year's EC merger rules, Brussels has one month for its initial scrutiny of a merger, but four months if it has "serious doubts" about a takeover's effect on competi-

2000

The worry of British Labour MEPs is that by timing a bid for ICI when the European and national legislatures are in recess, Hanson might be able to sidestep the political opposi-

In a debate in which Italian and French MEPs also spoke, Mr Rolf Linkohr (German socialist) warned that a takeover by Hanson would be catastrophic for ICI, which could be sold piecemeal to the Japanese. But Mr Bryan Cassidy appeared to speak for most Conservative MEPs in com-plaining that the motion made ICI seem to continental Europeans like a weak company that could not stand on its feet in taking on Hanson. • ICI yesterday made its first acquisition since announcing its wholesale reorganisation in February. It is buying Conti-nental Polymers, a California-

polymer and sheet.
ICI said Continental was profitable and had annual sales in excess of £30m. However, it refused to disclose the pur-

based manufacturer of acrylic

Fondo de Inversiones de Venezuela Privatisation Process Privatisation of Astilleros Navales Venezolanos SA

The Fondo de Inversiones de Venezuela, a government agency acting on behalf of the State of Venezuela, informs all local and foreign investors interested in acquiring the State's shareholding (98.6%) in Astilleros Navales Venezulanos SA (the 'Shareholding' and 'Astinave' respectively) that it (98.6%) in Astilleros Navales Venezolanos SA (the Shareholding and resumere respectively) that it has decided to extend the period during which such investors may submit their applications to participate in the international public tender process through which the total amount of the Shareholding shall be transferred. Accordingly, an application for prequalification, together with the required documentation, may be delivered in writing at any time up to 4.00 pm on 2 August 1991 to:

ASTINAVE

Fondo de Inversiones de Venezuela Office of the Manager for Privatisation Torre Banco Lara, Esquina de Mijares, 5th Floor Tel: 58-2-819422/819429 Fax: 58-2-839169

Documents Required

interested parties are reminded that all applications to prequalify must comprise the following

The identity of the party or parties applying for prequalification,

Banking and commercial references for each party. Company report and accounts for the past three years for each party.

An indication of the source of funds which will be applied to the acquisition.

Statement of experience in the naval and/or metal working industries and description of technical and management resources.

Prequalification Criteria

Applications for prequalification to bid will be assessed on the following basis: Proven experience in the naval and/or metal working industries within the bidder or

consortium of bidders or through a designated operator. Aggregate net worth of not less than US \$10 million or its equivalent in local currency.

The bidder must have no overdue and outstanding financial obligation to the Venezuelan State.

The dates specified by Fondo de Inversiones de Venezuela in the announcement made on 18 June 1991 as the date on which the results of the prequalification process will be announced and the date on which prequalified parties will be invited to submit bids will no longer be applicable. New dates will be announced by Fondo de Inversiones de Venezuela in due course. All other conditions and matters referred to in the announcement made by Fondo de Inversiones de Venezuela on 18 June 1991

Information on Astinave and visits to its installations or its Data Room can be arranged through;

Morgan Grenfell & Co. Limited, London Tel: 44 71-588 4545 Fax; 44 71-826 7130 Attention: Tim Taylor/Alain Terraillon

Morgan Grenfell Representative Office, Caracas Tel: 58-2-985 2286/985 4144/985 6659 Fax: 58-2-985 1552 Attention: Roger Silver/Richard Stoddart

limed by Fonds de Invertiones de Venezuela and appeared by Margan Greafell & Co. Limited, a member of The Securities and Futures Authority, solely for the purposes of Section 57 of the Financial Services Act 1986.

Provisional Price for Flory Prices for Franking Transfers on 12.07.91 on 14.08.81

NGC Sattlements Limits

Continuation Finance B.V. U.S. \$75,000,000 Subordinated Guaranteed Floating Rate Notes due 2015 For the six months 11th July. 1991 to 13th January, 1992 the Notes will carry an interest rate of 6%% per annum with a coupon amount of U.S. \$148.75 payable on 13th January, 1992.

Rothschilds

Gold & Silver to rally? Phone or write to David Kerly (Senior Analyst) 071-734-7174 Chart Analysis Ltd, 7 Swallow Street, London WIR 7HD



FUTURES AND FOREIGN EXCHANGE 24 HOUR COVERAGE

CAL Futures Ltd Windsor House 50 Victoria Street London SWIH ONW

Agent Bank

£200,000,000



Nationwide Anglia Building

Floating Rate Notes Due 1995

Interest Period

11%% per annum 10th July 1991 10th October 1991

Interest Amount per £5,000 Note due

10th October 1991 £140.99 Credit Suisse First Boston Limited

Marine Midland Finance N.V. U.S. \$125,000,000

Guaranteed Floating Rate Subordinated Notes due 1994 For the three months 11th July, 1991 to 11th Ocrober, 1991 the Noves will carry an interest rate of 63% per annum with a coupon amount of U.S. \$16.29 per U.S. \$1,000 Note and U.S. \$162.92 per U.S. \$10,000 Note. The relevant interest payment date will be 11th October, 1991. Listed on the London Stock Exchange

Bankers Trust
Company, London

CHARTER CONSOLIDATED PL.C.
NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER

Notice is hereby given that the annual report and accounts of Charter Consolidated PLC together with the auditors' report thereon for the year to 31 March 1991 may be obtained from Bazelays Registrans Limited, Boottie House, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

House, 34 Becteenham Road, Becteenham, Kent BR3 4TU.

Subject to approval by shatcholders at the annual general meeting on 6 August 1991, a final dividend of 14p per share will be payable on or after 13 August 1991 to persons presenting coupon no. 53 detached from stare warrants of bearer. Coupous, which must be left four clear days for examination, may be lodged any weekday (Saturday excepted) between 10 a.m. and 3 p.m. at the Stock Exchange Services Department of Barclays Bank PLC, 168 Fenchands Street, London EC19 34P or at Credit Lyonnais, 19 Bonicward dos Italicus, 21 Rue Laffree, 754:28 Paris, Listing forms than be destined on application. 21 Rue Laffitte, 754.28 Paris. Listing forms may be obtained on application 46 Holborn Viaduct, London ECIP 1AJ 12 July 1991

the counter and as the counter and as the agreement.

UniChem bas and it will be counter and as the counter and about Ellian as the counter and about Ellian as the counter and about Ellian as the counter and as the counter

About 33m Uniche de Noveld have to he de Noveld have the de Noveld have the de Noveld had unichem's offer the de Noveld Hamilton and Unichem which had to the de Noveld had to th

MEPs try to block summe raid on ICI 3y David Buchan in 3russels and Robert eston in London

HE EUROPEAN POLE esterday urged the Bark commission to stretch at xamination of any bi-Enson for ICI to the la cher to prevent Lord Reto take over the nemicals company in the Tise summer raid in a resolution people. batentions, the Parket Sand the Commission as ermii any takeover d'D Lanson on the basis of CORTA S SUMMAN INS ar conding to last regis derget rules, Brusek bei comin for its minal some merger, but four mount

2: Ser.ous conbis an andover's effect of the The worry of Bridgist ters is that by amount or it is when the Former a como legislantes 🛎 eters. Hanson might by s vanestap the political ex ien In a debate <u>in</u> which is

ne frence MEPs als s in Relf Linkour Ger a...نىنى: warned the le ver by Hanson would be if place for ICL which can

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isten Limited

S FRIDAY JULY UNIT

Shipowners to be sued in Germany whom was domiciled in a con-tracting state, had agreed that the courts of a contracting

THE REWIA Court of Appeal (Lord Justice Dillon, Lord Justice Nicholls and Lord Justice Leggatt): June 20 1991

RILLS OF lading issued in liner form on charterers' headed paper and signed by charterers' agents "for" the master as authorised under the charterparty, are ship-owners', not charterers' bills, unless the contract of carriage was made with the charterers done. Accordingly, the shipowners, as parties to the con-fract of carriage, are entitled to rely on its terms, so that where they are domiciled in a country which is party to the Jurisdiction and Judgments Convention 1988, the com-bined effect of the convention and a contractual jurisdiction clause is that the jurisdiction of the courts specified in that

The Court of Appeal so held when allowing an appeal by Rewia Shipping Co, owners of the Rewia, from Mr Justice Sheen's decision dismissing their application to set aside a writ served on them out of the jurisdiction as third defendants in an action by cargo-owners against sub-charterers, Carib-bean Liners (Caribtainer) Ltd, and three other defen-

ciause is exclusive.

LORD JUSTICE LEGGATT said that the cargo-owners claimed for loss and damage to a cargo of nutmegs and mace shipped in July 1988 aboard

The claim was made against the sub-charterers and/or the shipowners under contracts of carriage contained in bills of lading.
The shipowners claimed that

they, not the sub-charterers, were the carriers under the bill of lading contracts, and were therefore entitled to rely on the terms of those contracts.

Clause 3 of the bills of lading

provided that any dispute aris-ing under the bill of lading should be decided in the country where the carrier has its

principal place of business. -The shipowners said their principal place of business was Hamburg. On that footing they contended that the court was cooliged by article 17 of the Jurisdiction and Judgments -Convention 1968 to decline

state were to have jurisdiction, the jurisdiction of those courts should be exclusive.

Mr Justice Sheen found that though the shipowners' domicil was in West Germany, their principal place of business was Hong Kong.

The issues on the appeal were inter alia (1) whether the shipowners were parties to the bilis of lading; and (2) whether their principal place of business was in West Germany.

Article 2 of the convention provided that "subject to the provisions of this convention' persons domiciled in a con-tracting state should be sued

in the courts of that state. It followed that unless the cargo-owners could show that another article applied, the shipowners could not be sued in the UK, but must be sued in

West Germany.

Article 6 provided that a person domiciled in a contracting state might also be sued "(1) where he is one of a number of defendants, in the courts of the place where any one of them is

To rely on article 6 the car-go-owners would have to show there was a real issue as to whether the sub-charterers assumed the obligations of "the carriers" under the bills of

Mr Justice Sheen remarked that the bills of lading were all on the sub-charterers' standard form with no indication that they were not the carriers; and that, according to the cargoowners, the contracts of carriage were made orally by managers with the sub-charter-ers' local agents at a time when the managers were unaware that Rewia was on

He concluded that it was clearly arguable that the shipowners had entered into a con-tract with the sub-charterers and that the sub-charterers had assumed the responsibili-

ties of the carrier. The time charter was made in Hamburg in New York Produce Exchange form. Clause 8 provided that the captain was to sign bills of lading.

Clause 53 provided that "it is understood that the master will authorise charterers, or their agents, to sign bills of lading on his behalf".

The bills of lading were liner jurisdiction.

Article 17 provided that cargo-owners printed at the water parties, one or more of head. They stated that in

accepting the bill the merchant agreed to all its stipulations, in witness whereof the master...has signed the ... bills

FT LAW REPORTS

of lading". In each bill, under the printed words "For the master" appeared the stamp of the subcharterers' local agents surmounted by an indecipherable signature. By clause 53 of the charter they had authority to sign for the master.

The cargo-owners contended that if bills signed "for" the master were issued in liner form, and if the shippers did not know the vessel was chartered or that anyone was signing for the line, in the absence of clear words to the contrary the bills were charter-

Scrutton on Charterparties, 19th ed stated that the question of whether a bill of lading was a contract with the shipowner or the charterer was one of or the charterer was one of some difficulty. It cited Samuel (1906) 11 Com Cas 115,125 in which Mr Justice Walton said "the authorities appear conflicting, but...the question is really a question of fact".

Scrutton continued, saying that if a charter was not a demise, a bill of lading signed by the master" is usually a contract with the shipowners. It cited the dictum of Mr Jus-tice Channell in Wehner v Dene (1905) 2 KB 92,98: "In ordinary cases, where the charterparty does not amount to a demise of the ship ... the rule is that the contract contained in the bill of lading is made, not with the charterers, but with the own-

There then followed in Scrutton the sentence that had given rise to controversy: "However, although the master is the owner's servant, his signature may in some cases bind the charterers and not the owner."

When the original editor wrote that sentence he might have cited as authority only Harrison v Huddersfield (1903) 19 TLR 86. There the master did not sign as master, and Mr Justice Walton said that under the whole circumstances of the case, the con-tract... was not made for the hipowners".

To footnote 79, in which Harrison v Huddersfield was cited, a passage had since been added: "see too Wehner v Dene...; Wiltson v Wier (1925) 31 Com Cas 111; ... Paterson Zochonis (1922)... Zwilchenbart(1854)... The Venezuela[1980]...".
The law was correctly stated

That formulation had never been doubted. The facts of the present case were indistinguishable from

by Mr Justice Channell in the

passage from Wehner v Dene.

Wiltson, in which it was held that bills on charterers' printed forms signed "for" the master, were the master's bills. That decision had never been doubted.

The text in Scrutton to which note 79 was appended was now misleading. Zwilchenbart depended on the fact that there was no evi-

dence of a contract between master and consignee. Itwas not relied on in the present case by either counsel.
If Mr Justice Walton in 1905 had had the benefit of the

cases subsequently decided, he would have been unlikely to regard them as "to some extent conflicting". They were all of a pattern. They supported the conclusion that a bill of lading signed for the master could not be a charterers' bill unless the con-

tract was made with the charterers alone, and the person signing had authority to sign and did sign on behalf of the charterers and not the owners.

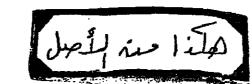
Accordingly, the bills of lading in the present case were shipowners' bills. The cargo-owners had no claim against the sub-charterers. Article 6 could therefore not be complied with in relation to the shipowners. The cargo-owners' case against them must fail.

As to the principal place of business, in the present context as well as generally, "prin-cipal" meant "chief" or "most important". The principal place of business was not necessarily the place where most of the business was carried out.

Had it been necessary to determine the matter, it would have been held that the shipowners' principal place of busi-ness was not Hong Kong from where the day-to-day management of the vessel was con-ducted, but Hamburg where the company's central management and control was exercised.
The appeal was allowed.

Their lordships gave concurring judgments. For the shipowners: Jonathan Gaisman and Christopher Butcher (Richards Butler) For the cargo-owners: Timo-thy Saloman and Richard Southern (Holmes Hardigan)

Rachel Davies



FINANCIAL TIMES

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REPUBLIC OF URUGUAY

MINISTRY OF ECONOMY AND FINANCE

CENTRAL MANK OF URUGUAY

In order to carried the return to the private sectar of banks which still remain under State administration, the Central strik of Uruguay will close on the July 1991 the reception of proposals by financial institutions in the purchase of the Pan de Azücar and Banco La Caja Obrera.

CRI INSURED MONTGAGE ASSOCIATION INC USD 140,000,000 Conranteed Secured Floating Rate Notes due 1998

ce with the territorial ship divide in the Grananteed Secured Notes, notice is hereby given that the period from July 10, 1991 to October 10, 1991, the Guardiston Secured Notes will carry an interest of 6 15/32% per amoun according to We constanding principal amount of each

The relevant interest payment will be October 10, 1991 and the coupon amount of interest payable per Ginnanced Secured Note will be The relevant interest payment USD 1,418,44

Banque Générale du Luitéffaithru S.A. Agent Bank

NATIONAL BANK OF CANADA USD 200,000.000 FLOATING RATE DEPOSIT **NOTES DUE JULY 1996** For the period July 11, 1991 to January 13, 1992 the rate has been fixed at

6,5625% P.A. Next payment date: January 13, 1992 Coupon nr: 11

Amount USD 847,66 THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE 15, AVENUE EMILE REUTER LUXEMBOURG



FT

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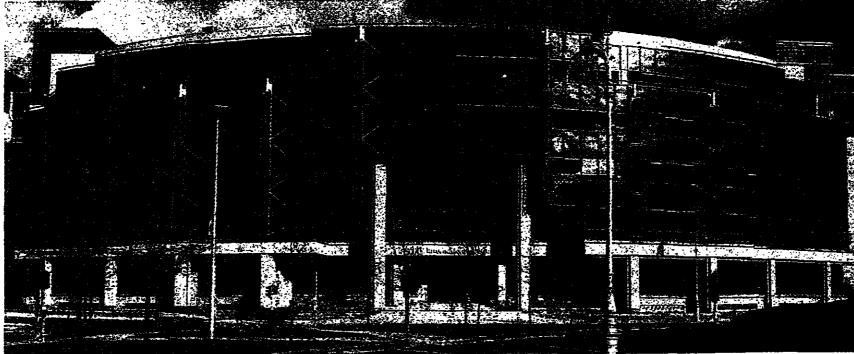
ANA HOTEL AKASAKA PRINCE CAPITAL TOKYU CENTURY HYATT DAI - ICHT HETEL ANNEX HOTEL OKURA IMPENAL ROTEL PALACE HOTEL ROYAL PARK

FINANCIAL TIMES

TOKEN HILTON

APITAL MARKETS

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MEMBER OF SFA

Hopes rise for settlement of Chilean copper strike

By Pablo Bachelet in Santiago

AN EARLY end to the 11-day strike at Chile's Chuquicamata copper mine was forecast yes-terday by Mr Alejandro Noemi, chief executive of Codelco, the Chilean state copper corporation, which operates the mine. "I expect a solution to the conflict within 48 hours," he said as management and unions met face-to-face for the first time since the beginning of the

stoppage.

Mr Noemi, who has not particinated directly in talks with the unions, said the company was working on a new contract proposal that would "link salary increases to future increases in productivity and a lowering of costs".

The chief executive flew yes-

terday to Chuquicamata, about 940 miles north of Santiago, to attend a special celebration of the 20th anniversary of Codeleo's nationalisation, spe-cially invited by unions. Given the symbolic importance of the

were suggesting a solution to the strike might be reached

Mr Noemi's statement was the first sign of optimism from the management since 7,500 of the mine's 11,000 workforce started the first legal strike at the mine in 18 years on July 1. Production at Chuquicamata, the world's biggest copper mine, producing 1,800 tonnes a day or about 8 per cent of western world output, has been vir-tually halted as a result.

The unions, which have steadfastly refused any com-pany offer that does not include a real increase in wages, say they are willing to discuss the idea of relating wage increases to productivity "when we see the specifics of the offer", according to Mr Herman Santelices, head of the union negotiating team. He pointed out, however,

that workers had already put up their share of productivity increases, lifting output from

the 800,000 tonnes produced in 1977 by 31,000 workers to 1.1m tonnes by the current 26,000-

"We will not let workers foot the cost of poor income distri-bution and bad administration within Codelco," he added. Nevertheless, traders and analysts say the fact that unions are open to the company sug-gestion implies that a breakthrough in talks is imminent.

Codelco has four mines that together produce 1.2m tonnes. mostly in the form of cathodes The company's second biggest mine, El Teniente, is also facing contract renewal negotiations and a strike vote there is scheduled at the end of the

Similar votes are due at Andina and Salvador, Codelco's other mines, at the end of August. The outcome of the Chuquicamata negotiation is crucial in determining the course of the talks at the other

Banks sue French coal company over Canadian mine guarantee

By Bernard Simon in Toronto

A GROUP of 56 international banks has become embroiled in a dispute with Charbonnages de France over the government-controlled coal compa-ny's refusal to honour a loan guarantee to the troubled Quintette coal mine in north-east British Columbia.

The banks, led by Bank of Montreal and Canadian Impe-rial Bank of Commerce, have aiready secured an order from the British Columbia Supreme Court enforcing the US\$9.4m guarantee. But Charbonna de France has appealed against the ruling. The French company has also filed a statement of defence in a separate case brought by the banks. CF's subsidiary Charbonnages de France International has a 12 per cent equity stake in Quin-tette, which was built eight years ago to supply metallurgi-cal coal to Japanese steel mills. As part of the financing provided unconditional guarantees on a large portion of the mine's C\$640m (£345m). Quintette has been plagued almost since its inception by financial problems caused by

high production and transport costs and sagging coal prices. A dispute with its customers over prices culminated in a court order in June 1990 freezing the mine's financial obliga-All Quintette's other share-holders, which include 12 Japa-

nese steel companies and Toronto-based Denison Mines, have honoured their guarantees to the banks. Quintette itself continued to service CFTs portion of the debt until the mine was brought under the protection of the courts Meanwhile, the animosity

that has marked Quintette's turbulent history has delayed the implementation of an agreement reached last March

to transfer management of the mine from Denison Mines to Teck Corporation of Vancou-

Denison is understood to have asked the steel mills for a "legal release" absolving it from all future claims over management of the mine during its troubled eight-year stewardship. One industry source noted that "Denison wants to leave without the threat of a lawsuit or the threat of mismanagement. It has insisted that everyone sign off that it won't be sued".

The issue is expected to be

resolved within the next few weeks. The banks have already approved the transfer of the nagement contract to Teck. Among Teck's early priori-ties when it takes over will be a restructuring of the Quin-tette debt. Earlier proposals by Denison were rejected both by the banks and the Japanese

Sharp fall forecast in Soviet oil exports

By John Lloyd in Moscow

MR VLADIMIR Shcherbakov. the Soviet first deputy Prime Minister, warned yesterday Minister, warned yesterday
that Soviet oil exports for next
year were likely to be at least
25 per cent down on the current year. He added that —
"according to pessimistic forecasts, the fall could be several times more than that."

The level for this year has

recently been estimated by independent Soviet forecasters at some 2.4m barrels a day, a level which is itself 600,000 tonnes below last year's export

Mr Shcherbakov said that to

keep the 1992 exports at the same level as this year would require the fulfilment of an emergency government pro-gramme of investment and extra pay for oil workers. He blamed the "grave" state of the blamed the "grave" state of the industry, the Soviet Union's main, if dwindling, source of hard currency, on "faulty actions undertaken three to four years ago. We ourselves plunged these industries into grave conditions. Now measures have been taken for stabilising them including financial, material and hard currency resources." At the same time, the Oil and Gas Ministry is preparing a new package of measures designed to attract further foreign investment in the industry.

Total production of the Soviet oil fields this year has been estimated by Mr Anatoly Dmitrievsky, director of the Oil and Gas Institute at the Academy of Sciences, at not more than 528m tonnes - down from 570m tonnes last year and 624m tonnes in 1989. The main problem is lack of modern equipment, particularly pumps and compressors, as increas-ingly deep wells require increasingly advanced technol-

ogy. Mr Eugene Khartukov, a Soviet energy forecaster, last month said that the levels reached in 1990 would be unlikely to be reached again before 2000. He warned that a failure to embrace radical reform could leave the Soviet Union as a net importer of oil by the mid-1990s.

because of a reduction in the

surplus production on prices has so far been retarded "but as exporters venture into the market later in the year, the downward slide in values should be renewed".

E/tonne

Ghana revives Gold Coast image

William Keeling surveys a growing list of development projects

Raian mining town of Obuasi are be alarmed at the crisis that has engulfed Goldfields. Despite a recent injection of cash, a round of redundancies has been announced and its ex-patriate manager, Mr Jimmy Meadows, is threatening to resign. The future looks bleak. But that's

football for you.

For the Goldfields football club's owner, the Ashanti Goldfields Corporation, the outlook is much brighter. With April production reaching a monthly record of 55,500 troy ounces the company is leading the revival of the gold industry in Ghana, which has seen national production rise from 283,000 ounces in 1983 to 541,408 ounces last year. As new companies come on stream, production is expected to exceed 700,000 ounces this year and to be pushing 900,000 in 1992.

Entrants to the industry include the 100,000-ounces-ayear Teberebie Goldfields, and the 120,000-ounces-a-year Canadian Bogosu Resources. The former, majority-owned by Pio-neer Incorporated of Boston, is

By Greg Hutchinson in Manila

RICE SELF-sufficiency is said

to be within the reach of the Philippines, in spite of exten-

sive damage caused to cro-

plands in central Luzon by the eruption of Mount Pinatubo.

Mr Senen Bacani, the agri-culture secretary, said he did not expect the country to

import rice this year. That

would be a racity for a country that has allowed consumption

to outpace production for a

He said there was a rice

stock equivalent to three

months' consumption, which should be a sufficient buffer

against the damage caused by

fall-out from the eruption. Ash,

mud and rock has badly

affected about 80,000 hectares

of crop land and destroyed a

further 10,000 hectares of

Production of Palay

(unhusked rice) is forecast by

the agriculture department to be about 10m tonnes for the

crop year ending September

1991, a rise of 14 per cent over 1989-90 and 7 per cent above

year, 1988-89, when about 9.5m

"This hefty improvement is made possible by the record

October-December harvest of

1990. The 4.6m tonnes har-

vested is the largest wet season

tonnes was harvested.

orchards and fields.

about 1.9 grammes per tonne and is using the heap-leach process to extract the gold. investment committed to the mine totals about \$45m, which has been supported by a loan from the US government-owned Overseas Private Investment Cornoration.

Production this year is expected to be about 65,000 ounces, with the mine attaining full capacity in the last quarter of the year. CBR is owned by Billiton International Metals (74 per cent), the International Finance Corporation (16 per cent) and the government (10 per cent). On the back of investment totalling over \$90m, the company began operations last November,

operations last November, aithough teething problems are being experienced and output is below expectations.

The giant of the gold-industry remains AGC, owned by Lourho (45 per cent) and the government (55 per cent), in which \$250m of new investment has been made in the ment has been made in the

Philippines eruption fails to

smother rice production hopes

January-March crop ever," a

recent report by the department said. The department

attributed the record harvest

to its "Rice Action Pro-gramme", and particularly the provision of subsidies for fertil-

isers. The report, entitled Rice Prospects for 1991, said, how-

ever, that the government,

would have to "prop up" farm gate prices, further reduce the

cost of inputs and announce

that there would be no imports

this year so the gains in rice

productivity could be sus-

The announcement that

there would be no imports has

been repeated frequently by Mr

Bacani since the volcano erupted. The problem for ana-

lysts in assessing the prospects for achieving self-sufficiency is that the determination to avoid

imports has become govern-

ment policy and there may be

an interest in playing down the effects of the eruption on rice

production. The report said

that the ruling out of imports

would serve to raise farm gate

Actual crop and livestock damage from the volcano,

which continues to spew out

clouds of ash, has been put so

The badly affected provinces

of Bataan, Pampanga, Tarlac and Zambales account for 6 per

cent of the country's total rice

far at P423.68m (\$15.3m).

to plant more.

past eight years. Since early 1990, the com-pany has embarked on surface

mining low-grade deposits of mining which will account for 40 per cent of production this year. Of a total of 300,000 tonnes of ore being surfacemined each month, one third is treated by the heap-leach pro-cess, while two-thirds is processed in a \$28m oxide ore plant, which was commissioned in April.

By September the management hope to present a pro-posal for a \$200m expansion programme of its underground mine. The programme will include the re-mining of rock used to in-fill previous excavations. At the time that it was discarded the technology was not available profitably to pro-cess this material, which has a gold content of up to nine grammes a tonne.

The company also intends to which will entail a further slimming of its 10,000-strong workforce. This year's produc-tion forecast of 530,000 ounces is almost certain to be exceeded and the company has 1996 as its target to reach 1m

More players are expected in the industry soon. Government

production. Visitors to the

area, particularly western Zam-bales, see destroyed rice fields for miles and miles. In the foot-hills of Pinatubo there is a

huge glacier-like formation

poised to inundate the San Marcelino-San Antonio-San

The cost of rehabilitating the

80,000 hectares of ash- and mud-affected cropland will be

about Pibn, according to the

agriculture secretary. About

50,000 farmers were affected.

Mr Bacani expressed uncer-tainty whether the new chemi-

cal properties of the soil would

allow rice to be cultivated on

There is a list of 40 substi

tute crops, he said.
Mr Bacani said the lands

affected were also threatened by lahar (mud-flows). "We

don't know to what extent some of these lands can be

damaged because these mud-

there will be more damage."

first mud-flows, and volcanolo-

gists have warned that lands as far as 60 km (37 miles) from the volcano are in danger of

being buried. Mr Bacani said a further

10,000 hectares or more of cro-

pland and orchards already

covered by metres of volcanic material was unsalvageable.

CRUDE Oil (Light) 42,000 US gatta \$/barrel

He added: "As they spill over

flows are still there."

Narciso region.

the affected fields.

majority-owned by Golden Shamrock of Australia, has just completed its finance for 100,000-ounces-a-year mine to start operation in the middle of next year. A handful of small mines, with production of up to 25,000 ounces each a year; are also on the cards and a feasibility study is expected from Cluff Resources, although the potential capacity of the mine or the source of finance are unknown. There is also talk of the Konongo concession being taken over from Southern Cross Mining, which Government officials say is experiencing finance problems. The potential of the three state-owned gold mines also remains dormant. Government officials say that an agreement has been reached to transfer 80 per cent ownership of the Prestea underground mine to Arimco of Australia. The mine, which last year produced 20,550 ounces, would be expanded to include surface

Lower Chinese harvest forecast:

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THE TANKS

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operations. No serious prope

ground mine.

als, however, have been received for the Dunkwa allu, vial mine or the Tarkwa unders.

CHINA'S WHEAT production for the 1991-92 marketing year is expected to drop to 93m tonnes because of crop dama from excessive rain in key wheat producing areas, a US Department of Agriculture attache said, reports Reuters from Washington.

in a field report from Beijing, the attache said heaviest losses were reported in provinces that expected record or near record production prior to the onset on rains in mid-May.

The USDA in its June 11 world supply and demand report put China's wheat pro-duction at 95m tonnes. Record production in the Sichuair province, reported at 7.45m tonnes and estimated produc-tion for Shandong province of: more than 17m tonnes kept the total wheat output from being even lower, the attache wrote.

CORRECTIONS 👯 Cornish tin

CARNON HOLDINGS' mine at South Crofty, Cornwall, is producing tin at an annual rate of about 2,500 tonnes; output figures given on this page yesproduction of tin concentrate

Australian wool The Australian Wool Realist tion Commission has disposed of almost 1 per cent of the 4.7m-bale stockpile, not 9 per cent as stated in a headling yesterday.

Chicago

Sugar market strength is intriguing, says broker

By David Blackwell

sugar market is intriguing considering the sharp upward revi-sions of crop forecasts and the fact that world stocks are clim-

bing again, according to Czarnikow, the London trader. Prices tend to rise in the third quarter as supplies tighten in the period between crops. This year supplies in the larly tight, while the market received a boost from technical factors linked to the expiry of the July contract in New York. Since the July contract's

expiry sugar for the Far East has attracted good premiums. "It remains to be seen whether such premiums will be suffi-cient to draw western hemi-

ere origins over to Far Basi destinations, especially as more of the southern hemisphere crops come on stream, says Czarnikow in its latest

sugar review.
Earlier this week E.D. & F.
Man, another London trader,
revised its estimate for world sugar production downwards to 4.2m tonnes from a May

COCOA - London POX

Previous High/Low

expected Cuban crop to 7.55m

harvest in the country's his-tory. The January-March 1991 crop is likewise the largest WORLD COMMODITIES PRICES

LONDON	METAL EXC	HANGE	(P	rices supplied t	y Amaigemat	ed Metal Trading
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Abendus	, \$8.7% peri	y (S per tonne)			Total dality tu	rnover 21,839 lot
Cash 8 months	1313-5 1345-8	1311-3 1344-5	1349/1334	1304-5 1338-7	1342-4	96,151 lots
Copper, G	rade A (2 per	tonne)		_	Total daily tu	rnover 24,480 lot
Cash 3 months	1375-7 1388-9	1373.5-4.5 1387-7.5	1376/1362 1391/1374	1362-2.5 1374-4.5	1387-8	130,853 lots
Leed (£ pe	r tome)		_		Total dalily t	urnover 1,748 lot
Cash 3 months	338-9 344.5-5.0	337.5-8.5 345.5-8.0	337.5/337.5 ,345/344	387-7.5 343.5-4.0	344.5-5.0	17,968 lots
Hickel (\$ p	er tonne)				Total daily t	urnover 1,819 lot
Cesh 3 months	8910-30 8810-20	8875-900 8770-5	8920/8920 8820/8750	8920-5 8800-1	8775-90	12,788 lots
Tits (5 per	tonne)				Total daily t	urnover 1,147 lot
Cash 3 months	5840-50 5730-6	5830-40 5720-5	6735/5730	5845-80 5735-40	6735-40	7,377 lots
Zinc, Spec	lei High Grad	e (5 per tonne)			Total delily b	rnover 6,898 lot
Cash 3 months	1052-4 1062-3	1057-0 1072-3	1060/1051 1066/1062	1050-1 1063-3.5	1063-4	27,807 lots
LME Clesi SPOT: 1.60	og E/\$ rain: 86	3 months: 1.56	47	6 months: 1.58	34	9 months: 1.5710

LONDON 24 (Prices supp			
Gold (fine az) \$ price	aviupe 3	lent
Close Opening Morning fix Alternoon fix Day's high Day's low	368.30 370.00-370	227,264 229,186	
Loco Ldn Me	en Gold Le	inding Rates (Vi	US\$)
1 month 2 months 3 months	5.44 5.40 5.40	6 months 12 months	5.36 5.32
Silver tiz	p/fine cz	US cts e	quiv
Spot 3 months 6 months 12 months	272.65 280.00 262.50 301.30	442.00 448.60 458.10 471.90	
OOLD COM		otherd Motels)	
	\$ price	£ equive	lent
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New York GOLD 100 tray az.; \$/tray az. 367.8 366.9 370.5 372.4 375.9 379.3 382.6 385.1 389.7 370.0 371.2 372.9 374.5 378.3 381.8 365.2 3388.7 392.3 0 370.4 371.5 373.8 377.3 381.2 0 388.0 PLATINUM 50 troy az; \$/troy az. Close Previous High/Low 374.0 377.7 382.0 385.0 369.8 396.3 379.5 383.5 387.8 391.5 395.6 402.1 374.5 361.0 364.5 387.5 0 374.5 374.5 379.5 367.0 0 SELVER 5,000 troy oz: cents/troy oz. 433.5 434.7 437.7 445.5 447.4 453.8 459.6 465.5 471.9 481.8 HIGH GRADE COPPER 25,000 lbs; cents/lbs 98.00 97.90 97.85 97.35 97.00 96.56 98.10 95.70 Aug Sep Oct Nov Dec Jan Feb Mar Anr

Latest Previous High/Low SOYABEANS 5,000 bu min; cents/80th bushel 521/2 618/0 517/0 521/2 530/6 540/8 549/6 559/0 5850 5975 6085 6180 6080 5805 6580 Close 875 889 953 997 1028 1056 1060 1119 158.3 160.7 161.0 160.5 161.1 162.0 164.2 168.5 161.0 162.5 162.5 162.2 162.8 163.5 165.1 167.0 159.2 160.5 160.5 160.5 160.5 162.0 164.0 Jul Aug Sep Oct Dec Jan Mgr May 227/4 221/2 222/4 231/0 237/0 242/0 237/4 237/4 SUGAR WORLD "11" 112,000 lbs; c 251/0 267/4 2/9/2 264/6 282/6 280/0 9.14 8.72 8.79 8.83 8.92 73.60 75.20 75.80 74.65 75.20 73.35 72.00 0 67.90 ORANGE JURCE 15,000 fbs; cents/lbs 120.00 119.60 119.25 119.00 119.00 55.70 49.75 43.17 43.30 43.40 41.60 45.80 54,75 49,37 42,95 43,27 43,15 41,45 45,60 45,80 54.77]) 49.30 « 42.90 48.17/ 48.15 (41.90 » 46.80 July 11 July 10 mnah ago yr ago us High/Low ...). 1729.5 1735.0 1754.0 1837.2 44.20 41.32 46.95 46.55 47.25 46.80 45,67 44.95 41.85 47.25 46.90 47.85 40.75 46.50 46.12 46.80 46.80 DOW JONES (Base: Doc. 31 1974 = 100) July 10 July 9 mnth ago yr ago Spot 126.78 125.82 130.32 132.46 Futures 122.45 122.81 126.75 131.38

MARKET REPORT

Gold fell on the London buillon market yesterday on long liquidation after its repe failure to breach resistance in the \$372-\$373 a troy ounce resistance area in spite of a recent flurry of bullish reports. "People are getting tired and the longs are just tipping out a bit," one dealer said. By midday on Comex gold futures had recovered some early losses made when silver fell by more than 9 cents. Nymex platinum futures were lower at midday, awaiting news from Arco that could affect the use of platinum in catalytic converters. The oil company is soon expected to announce progress in its efforts to develop a reduced-emissions

London Markets SPOT MARKETS

Crude of (per burtel FOH)		+ or -
Dubej Brent Blend (dated)	\$15.05-6.15 \$19.15-9.30	-0.05
Brent Blend (Aug)	£19.30-9.35	-0.05
W.T.L (1 pm est)	\$21.25-1.35	075
Oil products (NWE prompt delivery per to	onne CIF)	+ 01-
Premium Gesofine	\$240-242	
Gas Oil	\$184-185	+1
Heavy Fuel Oil	\$66-68	+1
Naphtha Retentage Association	\$183-185	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)4	\$367.95	-2.70
Silver (per troy oz)	440.50	-6.50
Platinum (per troy oz)	\$374.00	-8.90
Palledium (per troy oz)	\$64.75	-1,25
Aluminium (free market)	Ung.	
Copper (US Producer)	104.0c	-20
Lead (US Producer)	60c	
Nickel (tree market)	Unq.	
Tin (Kusia Lumpur market)		-0.05
Tin (New York)	263c	
Zinc (US Prime Western)	62c	
Cattle (live weight)†	112,340	+1.69°
Sheep (dead weight)†	121.610	-12.58
Pigs (live weight):	64.57p	-7.84*
London daily sugar (rew)	\$286x	-1
London daily sugar (white)		-2
Tate and Lyle export price	C288	_
	Non ar	
Barley (English feed)	£108.75	
Maize (US No. 3 yellow)	2182	
Wheat (US Dark Northern)	£100	
Rubber (Aug)♥	64.75p	+0.25
Rubber (Sep)♥	55.25p	+0.25
Rubber (KL RSS No 1 Aug)	230.5m	
Coconut oil (Philippines)§	\$606.0x	+25
Paim Oil (Malayslan)§	S332.0	-5.5
Cook (Stillestee)	\$332 E-	

c-cente/lb, r-rinacit/kg, a-Sep/Oct t-Jul/Sep v-Jul ♥London physical market, SCIF Rotterdam.

speculate that such a product could reduce the need for platinum in catalytic converters. On the LME nickel prices again closed ahead, with three-month metal above \$8,800 a tonne. Dealers prompted by overnight news that Western Mining had threatened to cut output at its Kambalda practices were not accepted by unions. Traders are still waiting to see if the LME will take any lon on August supply tig

unleaded desoline. Some analysts

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			st last week	;							
to submit market cards.											
_		B.		1							
CC	Peliduk	from Re	STIFELS								
	1 – Land		(3 per tonn	<u></u>							
				o,							
tew .	Close	Previous	High/Low	_ !							
wg Oct	241.00 205.60	245.00 206.60	243.00 240.00 207.00 204.40	;							
Dec	193.00	197.00	193.20								
Mer	193.00	193.00	192.00 190.60								
May Aug	195.60 189.00	195,80 198,80	193.40 198.00	7							
Oct	201.00		200.00 198.60	_ =							
White	Close	Previous	High/Low	- 5							
Aug	318.0	317.0	319.0 317.0								
Qc i	275.0	275.0	275.0 273.0 266.0 267.5	3							
vlar Vlay	270.0 272.5	270.0 272.5	270.0	F							
Aug	276.0		272.5 272.0								
(umov	er: Raw 8	03 (1531) ka	ts of 50 tonnes.	- 7							
White 2	88 (1715)	per tonne)	- Oct 1710	ī							
CHUDI	E OFL — 1	PE	\$/berr								
	Late	st Previo		_ ;							
lug	19.25		19.41 19.27	- 3							
Sep Oct	19.32 19.40		19.45 19.31 19,46 19.37	J							
Vov	19.36	19.57	19.48 19.38	E							
Dec	19.30		19.39 19.35 19.35 19.32	7							
jan Peind	19.32 lex 19.37		18/30 18/35	_							
	ет 14608 (_							
	R. – 19E		\$/tone								
		Previous	High/Low	- 8							
	Latest			- !							
Jul	182.00 180.75	182.00 180.25	184.25 180.00 182.00 178.75	J							
Aug Sep	181.75	182.00	183 50 180.25	N							
Oct	183,50	183.50	183,75 181,75 185,50 183,75								
Nov	185.26 186.00	184.50 185.50	186.00 184.50	_							
Dec Jan	182.75	182.25	183.00 182.00 178.25 178.00	S							
Feb	178.00	177.76	178.25 178.00	K							
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	مسعوا الخارجي	- of 45-600	white at 25-35p each is a great	ı –							
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30-45p to. Per	a lb and l	English can	ross s: 22-30p a i new crop s. Most salada	<u> </u>							

580 604 647 688 710 730 752 572 597 636 678 700 721 741 573 589 904 593 847 632 686 671 709 685 730 719 760 737 Turnover: 4685 (4277) lots of 10 tonnes ICCO Indicator prices (SDRs per tonne). Daily price for Jul 10 749.16 (748.77) 10 day average COFFEE - Leader POX £/tonne Close Previous High/Low 550 542 573 562 592 584 610 604 625 520 980 572 590 609 625 547 567 589 606 623 Turnover:3668 (5564) lots of 5 tonnes ICO Indicator prices (US cents per pound) for Jul. 10: Comp. daily 64.75 (64.99). 15 day aver-age 65.39 (65.40) Close Previous High/Low 116.0 117.6 111.0 111.9 129.00 132.00 131.50 135.50 131.50 S10/Index point OHT - Landon FOX 1463 1440 1505 1510 1586 Close Previous High/Low 112.00 111.90 119.00 122.35 125.65 Close Previous 109.90 113.70 121.35 110.15 114.00 121.60 126 - Louder POX (Cash Settlement) p/kg 98,6 101.5 105.0 Close Prev. High 140,40 141,00 140,70 140,40 80 141,20 142,00 141,70 141,20 100 141,70 141,80 142,10 141,70 35

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acat producing area at arine said reports les on Washington La a field report from beit e attache said heavier le ere reported in province pected record or near me ocucator prior to the a rzins in mio Nay. The USDA in its him: orld supply and des port pur China's whate iction at 95m tonnes ber endaction in the Side ovance, reponed a re and estimated preen for Spandong province one chain 17m tonne ber A SECTION OF THE FE on lower, the attachent ORRECTIONS

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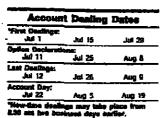
Dealers said the shares had suffered from a general lack of confidence on both sides of the Atlantic, with US investors apparently trying to offload stock after what was said to have been a disappointing

US institutions held on

Recently, Beazer announced plans to hive off its UK and European interests, leaving only the Koppers businesses in

evaporated yesterday in the wake of suggestions that Laid-

ADT setback Confidence in ADT shares



The final reading put the FT-SE Index at 2.510.5, just 2.1 up on the session. Traders sounded undismayed by the late bout of profit-taking, which was prompted by the prospect of the ending tonight of the two-week equity trading account rather than by any significant change in confidence. Equity strategists were in general agreement that UK base rates will be cut very soon, and the debate centred

on whether the authorities will

sanction a full point reduction or stick to their policy of lowering rates by half point steps. Further encouragement for lower rates is expected this morning in the shape of the latest inflation data, although City forecasts are that the June retail price index will show only a small dip in annualised inflation to about 5.6

Gains cut as base rate news awaited

per cent. Trading volume, as measured by the Seaq electronic network, remained high at 536.6m shares against 534.1m in the previous session. Once again, the institutions made relatively modest impact on open market share trading but Were ready takers of a steady flow of placings arranged through brokerage houses. A leading marketmaker placed a substantial block of stock in Gerrard & National the dis-

Turnover also benefited from the final unwinding of the large programme trade noted at the close of trading on the previous day, and also from another similar operation by a UK securities house in yesterday's market. However, a US investment house was believed to be operating a sell pro-

gramme. The strong rise in equities early in the session was in part a response to the announcement that Mr John Major, the UK prime minister, would make a statement later in the day. This gave rise to the wildest speculation of possible changes in sterling's ERM bands and/or base rate cuts. In the event, however, the prime minister merely reiterated his conviction that the UK economy will begin to recover in

shares, Mr Peter Hyde, Klein-

wort's water sector specialist said he believed the Northum-

brian Water share price would have to grow by at least 20 per

cent a year to maintain its

insurers by the US credit rat-ing agency Standard & Poor's

hurt BAT Industries, which

owns composite insurer Eagle Star. S&P lowered the rating

of the company's claims-paying

ability from aa-plus to aa rat-ing, citing an unfavourable UK

underwriting climate, pressure

on rate adequacy, and poten-tial investment risks. BAT was

5 off at one point and ended 3

down on balance at 745p.

A 30 per cent fall to £96m in

interim profits from Bank

Organisation had been more

than discounted by the market.

The shares continued their

recent recovery, peaking at 673p before ending a net 3 to

the good at 663p. The gain over

Greene King bucked the lacklustre mood in the brewery

sector with an advance of 7 to

414p. The rise came after the

company posted a near 10 per

cent increase in full year prof-

James Capel upgraded the

stock. The broker estimated

that the company has a 40 per cent chance of winning its tele-

vision contracting franchise

while the company's net asset value limited the downside

Marks and Spencer contin-ued to benefit from Wednes-

day's annual meeting, adding 6

at 264p as turnover rose to

8.4m shares, the busiest day's

trading since early April.

Marks was also active in the

Storehouse was weakened by

ontions market

potential of the share price.

TV-AM climbed 11 to 155p as

three sessions is 27.

its to £22m.

The downgrading of UK

present rating.

the second half of this year. The strongest gains in the market came in those stocks most likely to benefit directly from a cut in domestic interest rates. Marks and Spencer and Kingfisher stood out well among the stores and gains in this sector were mostly held at the close, escaping the rush of profit taking elsewhere in equi-

LONDON STOCK EXCHANGE

The international blue chips however, often suffered at the hands of the profit-takers after turning in a somewhat mixed performance earlier in the day. These stocks have provided the backbone of the significant recovery in equities over the past fortnight. Profits are easy to take in the blue chips because of the liquidity in the stocks. ICI and BAT Industries were among those to close lower after losing early gains.

liams Holdings gained 11 to 312p after County NatWest put the company on its buy list

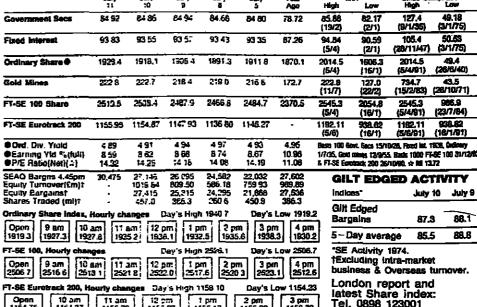
A bid by Unichem for Macarahead 24 to 256p. Grampian

British Fittings, the pipeline equipment distributor and manufacturer of water pumps, fell 12 to 165p after announcing a £7.1m rights issue at 140p pe

British Gas saw the shares 249p. Some sizeable switching out of Shell and into BP ahead of today's big exploration pre-sentation to institutions and analysts helped BP edge up 2 more to 345p on 8m shares traded but left Shell slightly easier at 521p after turnover of

Other market statistics. including the FT-Actuaries Share Indices and London Traded Options, Page 22.

BRITISH FUNDS



FINANCIAL TIMES STOCK INDICES

Asda busy after results

ANOTHER powerful advance

in the UK stock market was

cut back sharply towards the

close of trading yesterday

when some professional trad-ers elected to take profits with-

out waiting to see if today brings the widely predicted cut

domestic interest rates.

cision by the Bundesbank, at

Encouraged by yesterday's

its last policy meeting before the summer recess, to leave

German rates unchanged, the

UK market put on nearly 18

Prootsie points in the first half

Gains were held until the

final hour of business, when

selling of the FT-SE futures

contract spilled over into the

cash market and wiped out

most of the day's rises. Also

discouraging equities towards the close was a dip in the ster-

ling exchange rate.

of the session.

THE announcement of final results for Asda triggered heavy turnover in the stock and a number of cuts in profits forecasts by City analysts but produced little movement in e share price. The stock closed a penny up at 89p, after having been 3 ahead at one

stage, on turnover of 17m. .The shares were initially firm because the decline of £7.5m to £168.3m in final profits was not as bad as had been expected and the company did not seek to raise cash from shareholders.

However, a number of analysts felt after meeting the company that Asda was still overshadowed by the threat of a rights issue and heavy debt. Others, taking the view that the Allied Carpets division was bound to recover soon, took a more bullish stance.

There was a wide range of changes in forecasts, with the bulls going for 2205m this year and bears, such as Mr Bill Currie of Hoare Govett, looking for £170m this year against a preestimate of £190m, and £160m for next year against

diverging views prompted good two-way busi-ness, and volume was boosted

by a trade of 4.7m shares ransacted after hours on Wednesday.

Beazer slides A steep slide in Beazer, the troubled international construction and aggregates group, was not backed up by any heavy weight of selling in the shares. The stock dropped 11% to 59p with only 154,000 shares recorded as having been traded on the Seaq ticker.

law, its 28 per cent Canadian shareholder, had reported a loss as a result of its stake in the company. ADT tumbled 130 to 480p, the lowest level for

more than five years. Turnover was an above average 417,000. Laidlaw's figures added to the gloom arising from a credit rating downgrading at the start of the week and was not countered by persistent light buying of the shares by ADT

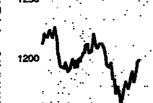
Analysts were divided over whether the fall in the share price was an over-reaction. Some said a change in account-ing conventions had produced what looked like more bearish news than was really the case. All admitted that the figures were difficult to assess and agreed that such uncertainty

had contributed to ADT's Attwoods, the waste disposal group in which Laidlaw has a 37 per cent holding, relin-quished 3 to 216p.

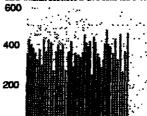
Unilever upset Observers turned negative on Unilever and the stock dropped 15 to 747p on turnover of 2.6m. Mr John Campbell of County NatWest reduced his 1991 profits forecast by £40m to £1.84bn, arguing that softness within the ice cream side and problems in the US and Brazil were hitting sales. Another securities house was said to have taken its forecast as low

Gerrard & National, the dis-count house, declined 5 to 284p after a placing of 1.8m shares, representing a 4.7 per cent stake in the bank. The placing, believed to have been at 270p a share, was carried out by the highly successful Smith New Court team and the shares

tions. A credit rating downgrade of Royal Insurance by Standard & Poor's caused a ripple of



Turnover by volume (million)

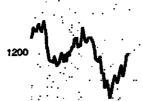


May 1991 July

made by July 30. There was evidence of more keen selling of the Water Package by fund managers unwilling to be left with parcels of stock in the more thinly traded water shares. The Package fell 17 to £2748. Anglian Water lost 8 to 281p, partly paid, amid vague suggestions of a serious

ever, which moved up 6 to 286p in partly paid form after Kleinwort Benson issued a strong buy recommendation on the unease around the composite Insurance sector, but dealers

FT-A All-Share Index



Equity Shares Traded



said little in the way of selling transpired after the news. The water sector attracted considerable interest as today's final session of trading in the Water Package loomed. Deal-ers were allowed to trade the water issues in fully paid form for "new time", that is for the trading account which commences on Monday; the final 70p a share payment has to be

sewage leak at one of the company's operations. There was strong support for Northumbrian Water, how-

NEW HIGHS AND LOWS FOR 1991

NEW MICHS (71).

NEW MICHS (71).

BRITISH FURBS (2) Trees. 10pc 2001 B.

Funding 3/g pc 1989-04, Trees. 2pc B. 1982.

AMERICANS (7) Morris Lycch, CANADANS,

(2) Braccan, Inco, CHEMICALS (7) Factohil,

STORES (3) Forminister, Maries & Spencer,

Smim (Mr) A. ELECTROCALS (8) Goble &

Wireless, Hewist-Packard, Johnson Elect.,

Real Time Constot, Wnolessie Filliogs,

BHUNGERING (2) Atles Coppo B. Kweener

B. FOODS (1) Delapat, BOUSTRAILS (16)

Astra B. Betterware Consumer, Books,

Courteacted, Esseets, Handley-Wallser,

Hapworth, Intereurope Tech., Maczerty,

Norroes, Novo Nordekt B., Rockin & Colman,

Williams, Do. 2p (140) Frt., Do. 35 pp Prt.,

Worthington (A.), SESURAMCE (1) Sedgwick,

MOTORS (1) Volvo B. PAPERS (1) SCA

8 Fees, PROPERTY (1) Stough Esta 8-go

Prt., SOUTH AFRICANS (3) SA Brews,

SASOL, Tongast-Huter, TRAISPORT (1)

IoM Steam, TRUESTS (6) Aberforth Smaller

Wrota, Barkers Inv., General Oriental,

Inv. Trust of Sederapey, London Potalsing,

Ind Wynd, Perpetual, Scotish Inv., OSLS

(3) Crusader, Monument, Victoria Pet., MMRES

(18) Angle Amer. Cost, Anglewest, Durben Deep, Blandsrand, Bleburg, Emperor, Genoor, Grootviel, Harrebeect, Impelia Pletture, Cincose, Offs Press, RTZ, Randfontein Eeles, Rustenburg Platinum, Southwast, Venterboot, Wirkelbaah, MEW LOWS (6).

NEW LOWS (6).

SAMERICANS (2) Colgate Palmothre, Gt. Amer. First Sevings St., Bilt DBKDS (5) Beazer, Crest Nicholeson, Evered Bardon, STONES (1) Chalens Man, PLECTBLCALS (6) Pages (6) Hotographics, Lener-Goors, Stroven, Trace Coopins, Western Selection, Stroven, Trace Coopins, UMSC (7) Bedgeres, MCCC Westinson, Wheelers (7) Bedgeres, LIMIC (7) Revented Free (7) Bedgeres, LIMIC (7) Archer (A), PWS. LESSURE (7) European, Burnet & Vine, PROPERTY (6) Arcadian Ind., Christo, Emberge, Len Seca, Spc Pri., Palmersten, Technolood, TRUSTY, C) Drayfor Coop, Emgen, Ind. Inv. Tra. Letter, Ott. 5 (8) AmBrit Inst., Brabant Fess, Caim Energy, Hardy, Utramar.

yesterday's bearish annual meeting and lost 2 to 105p, with Goldman Sachs said to have been the day's main seller. Mrs Kimlan Cook at County NatWest said: "I am

not surprised by the gloomy mood of the agm. We will con-tinue to be sellers." Sears closed 4 lower at 73p due to a large stock overhang. Pentos, where County NatWest was reported to have placed two large lines of stock at 134p on Wednesday, ended 2 better

at 137p. County was said to have been shopping for stock in New York. A squeeze benefited Argos, which finished 11 stronger at 306p. Environmental engineer-ing company Wheway gave up 7 to 29p on announcing a rights issue to raise £16.5m.

Norcros, the building materi-

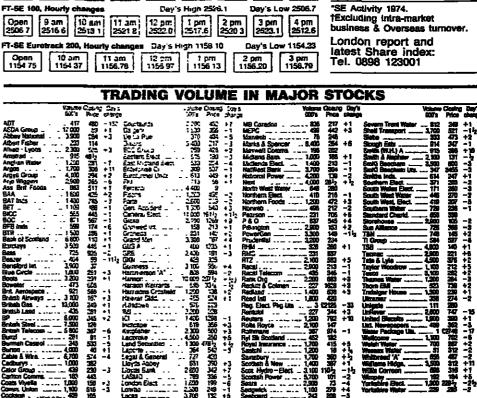
als to property development group, improved 6 to 143p on the back of a positive note from Smith New Court. Wil-

yesterday

thy affected the share price of both companies. Unichem, whose \$72.2m offer values Macarthy at 262.5p per share, lost 9 to 156p, while Macarthy, already the target of a bid by Grampian Holdings, forged

slipped 4 to 170p. USM-quoted Walker, the management consultant, finished 27 stronger at 117p after reaching 128p at one stage. The company announced that it was to merge with consultant P-E International, which weakened 8 to 185p. P-E's offer values each Handley-Walker share at 135p and the total equity at £9.8m.

Heavy turnover of 13m in close only marginally ahead at



EQUITY FUTURES AND OPTIONS TRADING

Manage — Karafeher Lectroixe Lend Securiti Legal & Gene Legal & Gene Legal & Gene

DERIVATIVES led the underlying market on a bumpy journey yesterday as an early healthy rise in the markets was eroded in the

Based on the tracing volume for a selection of Alpha secu

On Liffe, the September future contract lifted the underlying index to 2,523 in the morning as it continued the positive business of the previous day and traded at a 40-point premium to the index. Then it hit a technical resis-

tance level. Sellers moved in,

the market could not absorb the business and the premium crumbled to 20 points, about 12 below the estimated fair value premium. It closed only 26 points above the index. Mr Harvey Neale, of UBS

ties dealt through the SEAC system yesterday until 4,30pm

Phillips & Drew said: "We saw a couple of good selling orders from institutions and suddenly the premium disappeared. The market has had a very good run and we would not be surprised to see some form of correction."

Traders said that the market had already anticipated a halfpoint cut in interest rates today and could even fall slightly if the base rate cut was not of at least one percent-

age point. On LTOM, turnover was brisk with 35,346 lots dealt. Marks and Spencer was the top equity option traded, with British Steel running a close second as one trader took a bullish stance and bought



APPOINTMENTS

Senior posts at Barclays retail division

Mr Mervyn Gibson (left) has been appointed deputy chief been appoi executive of BARCLAYS BANK's central retail services division, the arm of the bank responsible for Barclaycard, Barclays Merchant Services, centralised lending products and a number of the bank's travel services. He remains

managing director of Barclays Merchant Services. Mr Bob Potts (right) has been appointed managing director of Barclays Card Services, and a director of the division. He succeeds Mr Richard Reay-Smith who was recently appointed chief executive of the division. Mr Potts was personal aenior director, London north western regional

Mr Colin Hargreaves has been appointed chairman and

managing director of

EMERSON & RENWICK

Accrington. He replaces Dr

J.W. Emerson, non-executive chairman for the past 50 years, and Mr D.G. Swindells, chief executive. Mr Swindells will continue with the company's interests in The Peel Bank Urban Woodland Trust.

T&N is restructuring into

three divisions, with the following as divisional

managing directors: Mr David Carruthers, piston products and aftermarket; Mr Bill Everitt, friction products and engineering, and Mr Ian Much, bearings and industrial. Mr Peter Byrom has been appointed non-executive deputy chairman. He has been a non-executive director since 1989, and is a director of N.M.



SMITHS INDUSTRIES has appointed Mr Norman Barber (pictured) as an executive director. From August 1 he aerospace group, the largest

operating unit of the company. He was deputy chairman of the group, and succeeds Mr Hugh Pope who retires at the end of this month.

■ Mr Anthony Blake has been

appointed marketing director of CLARK & FENN, a company in the construction division

of Trafalgar House. He also becomes a director of Trafalgar House Interiors. Mr Blake was marketing director of Kier Management, part of the Beazer Group. ■ Mr Simon Rishop has been appointed sales director at

ALTOS COMPUTER

SYSTEMS, Slough. He joined the company last January. ■ Mr Alan Mellor, managing director of Roncraft UK, bas been appointed regional director, DIY Europe, for L&F INTERNATIONAL, the US company which is a wholly-owned subsidiary of Eastman Kodak. He continues his present responsibilities and adds operations in France and extension of DIY activities

in other European markets.

■ Lord Rees, chairman of

LASMO, is to become a

non-executive director of QUADRANT, shipping and photographic group. THE PELICAN GROUP, a USM-quoted restaurant group, has appointed Mr Barry Cox as a non-executive director. He was joint chairman of the Hard Rock Café. Mr David Sawyer, Mr Geoffrey Simon and Mr Bennett Grower,

directors of L. Harris (Harella), which became The Pelican

Group, have resigned. UNION BANK OF FINLAND has appointed Mr Karl Kangas as general manager of its London branch. He was managing director of Union Bank of Finland International in Luxembourg.

■ Mr John Fletcher, an executive director of Trafalgar

House, has been appointed a



mr John Chisholm, UK managing director of SEMA GROUP, has been appointed chief executive of the Defence Research Agency, (an MOD organisation) on secondment for three years. He has resigned from all his posts in the group, and will be succeeded by his deputy Mr Harry Fryer (pictured), who

joins the group board.

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BANKS, HP & LEASING CANADIANS C	### 1	INDUSTRIALS (Missel.) — Control	
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Name of the

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar firm and pound steady

in the previous period.
At the London close the dol-

lar had climbed to DM1.8335

from DM1.8140; to SFr1.5890

from SFr1.5720; to FFr6.2125

from FFr6.1525; and to Y138.55

from Y138.50. On Bank of England figures the dollar's index rose to 68.6 from 68.3.

The Japanese yen was

mainly influenced by events in

Frankfurt, rather than the

improvement of the yen against European currencies,

including the D-Mark. In Lon-

don the German currency fell to Y75.55 from Y76.35.

Sterling lost ground to the dollar and the yen, but was firm against the pound's part-

ners in the European exchange

rate mechanism, despite speculation that the Bank of England may sanction a cut in

UK bank base rates today. Mr John Major, the UK

prime minister, told parlia-

recent financial scandals in Tokyo. This resulted in an

THE DOLLAR gained ground in European trading yesterday, supported by the failure of the Bundesbank to raise official German interest rates at yesterday's council meeting, and by a larger than expected fall in new applications for US unemployment insurance bene-

A lowering of the Bundesbank's target rate for M3 monetary growth was aimed at maintaining steady growth and controlling inflationary pressures, but this was the only move by the central bank yes-

Germany's discount and Lombard rates were left unchanged at this, the last council meeting before the summer recess, despite recent speculation that rising infla-tionary pressure would prohly through an increase in the discount rate to narrow the present 2% point gap between it and the Lombard rate.

This led to a softening of the D-Mark and a rise in the value of the dollar. The US currency also gained from news tha new applications for US unem-ployment benefits fell to a seasonally adjusted 388,000 in the week ended June 29, a decrease of 35,000 from the previous week. The four-week seasonally adjusted moving average declined to 422,500 from 425,750

Previous Class July.11

12 months	. 5.47-5	.37pm	.60-5.50pm			
Forward great	Forward premions and discounts apply to the US dollar					
STERLING INDEX						
		July.11	Previous			
8.30 am 9.00 am 10.00 am 11.00 am Hops 1.00 pm 2.00 pm 4.00 pm		89.8 89.8 89.8 89.8 89.7 89.6 89.4	99.7 89.7 89.8 89.8 89.8 89.7 89.7 89.7			

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982 - 100. Bank of England Index (Base American 1985 - 100) ***State and 6--- bid 10 **CURRENCY RATES**

Adversion invited					
Jal 11	Bank # rate %	Special * Drawlag Rights	European † Correscy Unit		
Sterting U.S. Dollar Canadian S Austrian S Austrian S Austrian S Belgian Franc Danish Krose D-Mark Dutch Garlier Fresch Franc Horray Krose Horray Krose Spanish Peset Spanish Peset Spanish Peset Inthe Peset Inth	5.50 9.89 7.50 9.650 7.75 101-1 111-1 100 19 -	0.811213 1.31092 1.50954 16.7942 49.1529 9.24002 2.38771 2.66948 8.09755 1776.25 181.825 9.3386 149.883 8.63569 2.0494 N/A	0.698954 1.13370 1.30104 14.4525 42.2786 2.96976 2.96976 2.96976 1528.23 156.678 8.00075 128.942 7.42918 2.742048 2.74.224 0.767832		
Bank rate refers to central bank efscount rates. These are not quoted by the UK, Spalo and Iretand. European Commission Calculations.					

* All SDR rates are for Jul 10 OTHER CURRENCIES



MONEY MARKETS

CALL MONEY eased to 8.75 from 8.80 per cent in Frankfurt

as the German Bundesbank

11.5' per cent from May 24, 1991

cent and its five-to-10 day

lending rate at 10 per cent,

when injecting funds into the domestic money market, via a securities repurchase tender.

In London wholesale interest

rates discounted a cut of 1/2

point in bank base rates. Three-month sterling interbank declined to 11½-10½

from 111-111 per cent.

One-year money was quoted at 1011-10%, compared with

10%-10% per cent. On Liffe short sterling

futures showed little reaction

to interest rate speculation,

with September delivery

ary pressures.

No German change already discounting cash rates of 10% per cent at delivery. The September contract

left official interest rates unchanged at yesterday's coun-cil meeting. The discount rate remains at 6.50 per cent and the Lombard rate at 9.00 per opened lower at 89.54 and after trading between 89.51 and 89.57 closed at 89.56, unchanged from Wednesday. Credit remained in short supply on the money market. The Bank of England initially forecast a day-to-day shortage of £1,200m, but revised this to cent.
At the same time the central bank lowered its target rate for M3 monetary growth by 1 point to 3-5 per cent from 4-6 per cent £1,150m at noon and to £1.100m in the afternoon. Total assistance of £1,057m was

in a move aimed at steady growth and control of inflation-In early operations the authorities bought £11m Treasury bills outright, in UK clearing bank base leading rate band 1 at 11% per cent. Before lunch another £470m bills were purchased, by way of £79m Treasury bills in band 1 at 11% per cent; £2m local authority bills in band 1 at 11% per cent; In Paris the Bank of France kept its money market intervention rate at 9.00 per

11% per cent; and £40m bank bills in band 2 at 11% per cent. In the afternoon £96m bills were bought, via £43m.
Treasury bills in band 1 at 11% per cent; £11m bank bills in band 1 at 11% per cent; and 1 at 11% per cent; a £42m bank bills in band 2 at

£349m bank bills in band 1 at

11 per cent. Late assistance of around £480m was also provided. Treasury Bills (sells) one-month 1013 per cent, three months 1015 per cent, six months 10 per cent. Sunk 5::15 tsells: one-month 1015 per cent, three months 1016 per cent, Treasury Bills; Seemes (coder rate of discount 10 6716 or ECGD Fixed Rate Sterling Export Finance Marke on any June 28, 1991. Agreed rates for period July 24 1991 to August 25, 1991. Scheme 11 & III 12 53 p.c. Reference rate for period June 1, 1991 to June 28, 1991. Scheme 11 & III 12 53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme 11 & III 12 53 p.c. Reference rate for period June 1, 1991 to June 28, 1991, Scheme 17 1, 1995 p.c. Local Authority and Finance Houses seven days notice, others seem days (first 1 finance Houses Ease Rate 11 1; from July 1, 1991; Barth Deposit Rates for same at seven days notice 4 per cent. Certificates of Tax Deposit Certes 6; Deposit 6:00,000 and over the control of 10 per cent. The cent. July 25 1591; Deposit 5:00 per cent. Inc. 1991 per cent. The cent. July 25 1591; Deposits arithmatical for cash 5 per cent. Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £925m. with exchequer transactions absorbing £100m, a rise in the note circulation £95m and bank balances below target £70m.

expects the British economy to begin a recovery in the second half of the year. Nevertheless recessionary pressures are now regarded as a significant problem for the government, in the run up to the next UK general

election, increasing expecta-tions that another cut in bank base rates is imminent. A very large credit shortage is expected on the London money market today, probably prompting early intervention by the Bank of England. This means the market is likely to

publication of today's June retail prices index. Sterling fell 1.30 cents to \$1.6085 and also declined to Y222.75 from Y224.50, but rose to DM2.9500 from DM2.9425; to FFr9.9925 from FFr9.9750; and to SFr2.5550 from SFr2.5500. The pound remained the third

EMS EUROPEAN CURRENCY UNIT RATES						
	Ece Central Rates	Currency Amounts Against Ecu Jul 13	c. Charge from Central Pate	% Spread vs Weakest Currency	Ottergence Indicator	
mish Peseta (iten Lira	133.631 1538.24 42.4032 2.31643 2.05586 0.767417 0.694904 6.89509 7.84195	128,942 1528 23 42,2786 2,31264 2,31264 2,31264 2,767832 0,67832 0,67832 6,96604 7,94896	-351 -055 -029 -016 -016 -005 -029 103 1.36	5.05 2.03 1.86 1.57 1.47 1.31 1.07 0.35	61 19 19 13 13 2 -6 -51 -58	

POUND SPOT - FORWARD AGAINST THE POUND						
78 JT	Day's spread	Close	One month	93 04	Three months	P.A.
S made and a cher and	60.49 - 60.89 11.3635 - 11.4050 1.0960 - 11.025 2.9380 - 2.9525 253.65 - 255.45 184.05 - 184.95 2183.95 - 2193.00 11.4550 - 11.4975 9.9975 - 0.9975 10.6240 - 10.6650 222.25 - 225.20 20.66 - 20.73 2.5465 - 2.5600 1.4275 - 1.4365	1 1000 - 1 1010 2 9475 - 2 95.5 254.15 - 255.15 184 15 - 184 45 2190 25 - 2191 25 11 4825 - 11.4926 9.975 - 9.975 10.4550 - 10.6450 222.25 - 223.25 20.68 - 20.71 2.5500 - 2 95.00 1.4330 - 1.4340	1 kg-kgreym 1 kg-1 kgreym 1 kg-1 ygreym 3 kg-2 kgreym 2 kg-2 kgreym 1 kg-2 kgreym 0 20-0.13 cym	530 248 198 1114 229 -120 -120 0.91 158 0.91 370 125 323 138	1.91-1.88pm 112-1.00pm 13-1.1ppm 26-1.9pm 43-2.3ppm 0.30-0.30pm 113-1.1ppm 213-2814fs 2-44fs 2-13ppm 34-2.3ppm 14-3ppm 2-1.4ppm 2-1.4ppm 2-1.4ppm 0.35-0.27pps	471 239 138 143 143 143 143 143 143 143 143 143 143
57-5 47cp	rales taken lewards ti m	DE 200 OF LOTHER VAN	ilog. Six-makul tara	LATO DOLL	ar 3.34-3.290pm . 1	2 MOOER
OOLLAR SPOT - FORWARD AGAINST THE DOLLAR						
]# 1I	Ony's spread	Close	Que snorth	% 9 a.	Three months	% p.a.

]# II	Day's spread	Close	Que month	pa.	months Times	P.A.
andt	2,0365 - 2,0455 37,25 - 37,80 7,0010 - 7,090 1,2000 - 1,8370 118,25 - 158,45 113,30 - 115,05 1347,00 - 1363 00 7,0510 - 7,1475 6,1550 - 6,2210 6,5430 - 1,867 12,7475 - 12,9040 1,5460 - 1,5925 11,1195 - 1,1345	7 1400 - 7.1450 6.2100 - 6.2150 6.6250 - 6.6360 138.50 - 138.60	61.64cdk 5.70-6 201/redis 2.35-2.65cm4k 2.10-2.15cdk 2.25-2.50cm4s 0.15-C.17rg/s 3.50-3.75cgm 0.22-0.25cgk 0.39-0.37cgm	-3.47 -L.77 4.07	1.91-1.88em 1.55-1.25om 0.68-0.77els 1.35-1.38ef 1.35-1.38ef 340-377de 1.70-18.00de 170-18.00de 170-18.00de 5.70-7.45de 0.47-0.50de 0.47-0.50de 0.47-0.50de 0.47-0.50de 0.47-0.50de 0.47-0.50de	471 357 -250 -291 -392 -290 -612 -348 -240 -240 -247 385
	51100 0	IIPDENOV		==		

EUNU-CURRENCY INTEREST KATES							
Jul 11	Short term	7 Days potice	One Morth	Truse Contas	Six Mootes	One Year	
erling. 5 Oolder. n. Doller. sch Golder. riss Franc. Maric. each Franc. slan Liva. siglan Franc. n. soigh Krone. Jan SSing.	114 - 114 514 - 54 814 - 8 814 - 8 815 - 8 915 - 915 915 - 915 915 - 915 915 - 915 915 - 915 915 - 915 915 - 915	114 - 114 -	11. 11. 15. 15. 15. 15. 15. 15. 15. 15.	10g - 10g 6g - 6g 8g - 8g 9g - 9g 7g 11g - 7g 11g - 7g 11g - 7g 9g - 9g 7g - 7g 9g - 9g 9g - 9	10000000000000000000000000000000000000	105 - 105 612 - 612 95 - 85 95 - 75 915 - 75 915 - 95 12 - 11 95 - 95 95 - 95 65 - 65	
og term Eurodofla	rs. two years 7	3-7% per cest:	three part 85	-70 per cent; f	ozy years 6%-6	s per cent, fine	

EXCHANGE CROSS RATES

MJ.11	. •	,	3 (4)	101	F F%	a Fr.	E FI,	Life	63	o Fr.		
£	1	1.608	2.950	222.7	9.302	2.555	3 322	2191	1.843	60.75	1.433	
\$	0.622	1	1.835	138.5	6.214	1 589	2 056	1363	1 146	37.78	0.891	
DH.	0.339	0.545	2	75.49	3.387	<i>G 8</i> 66	1 125	742 7	0.625	20 59	0.486	
YEM	4.490	7.220	13.25	1000.	44.87	11.47	14.92	5838	8.276	272.8	6.435	
F Fr,	1.001	1.609	2.952	222.9	IQ.	2 557	5 325	2193	1.844	60.80	1.434	1
S Fr.	0.391	0.629	1.155	87.16	3.91 <i>i</i>	1	1 500	857.5	0.721	23.78	0.561	
₿FI.	0.301	0.484	0.888	67.04	3 008	0.769	1	659.5	0.555	18.29	0.431	
Lira	0.456	0.734	1.346	101.6	4 560	1.166	1 516	1000	0.841	27.73	0.654	
C\$	0.543	0.872	1.601	120.8	5.422	1. 37E	1 802	1129	1	32.96	0.778	
B Fr.	1.646	2.647	4.856	366.6	16.45	4.206	5 458	3697	3 034	100.	2 359	
ECU	0.698	1.122	2.059	155.4	6 973	1.763	2 318	1529	1 286	42 39	1	

LIFFE LING GILT FUTURES OFTENS ESO,000 64ths of 100%

LONDON (LIFFE)

member of index lost 0.2		US TREASURY #09025 6% 5100,089 32mts of 196% Close No Sep 93-0
UNIT RA	TES	Dec Estimated volume 1522 (106
% Spread vs Weakest Currency	Otrogenz Indicator	Previous day's open int. 0 CH 5% NOTSONAL GERMAN GO DMC250,008 1900s of 100%
5.05 2.03 1.66 1.53 1.47 1.31 1.07 0.33	61 37 19 13 13 13 15 -51 -51	Close High Sep 94,94 94,64 94,64 94,64 94,64 94,76 96,94 94,64 94,76 96,94 96,
0.00 dag relative strength. cus, the ratio believe a correct. and the st	Percentage changes trans spreads. Use	Close High Sep 95.16 95.1 Dec 95.42 95.4 Estimated volume 330 (191) Trades exclusively on APT

Estimated volume 236 (267) Province day's open int. 0 (1523)

10sh 93.62 93.02 92.94 92.53

90.23 90.41 90.59

Close High 2537 0 2563.0 2577.0 2599.0

Close High Low 1119.0 1121.0 1116.0

· Contracts traded on APT after trading boors

POUND - DOLLAR

1-onth. 3-onth. 6-onth. 12-onth. 1-6014 1-5896 1-5754 1-5533

Dae Year

104 104 - - 6.80 6.80 77,10 97

Latest High Low 1.5750 1.60% 1.5912 1.5790 1.5930 1.5780 1.5670

FT-SE EURSTRACK 100 1919E) DNSSA per full lastex paint

FT FOREIGN EXCHANGE BATES

Treasury Bills and Bonds

101-1-101 111-101 677-91

FT LONDON INTERBANK FIXING

The finding rates are the arithmetic means nounced in the rearrest one-claterorit, of the bid and offered rates for \$10m current to the most by time reference banks at 11 00 a.m. each working day. The banks are Rabboall Westniketer Bank Banks Bank of Telya Destroite Bank. Banks per Rabboall of Parts and Bongsa Gearanty Tirest.

MONEY RATES

LONDON MONEY RATES

125,

11 :2

115

(11.50 am July 11) 3 months US dollars

2.76.8 di 72.-75 8.12-8.57 74-7-1 105-11 8.75-2.88 8-84

1216

134

Est. Vol. (lac. figs. not shown) 3859 (3429) Previous stay's open int. 0 (29646)

93.62 93.02 92.93 92.53

93.59 92.99 92.91 92.51

41	Day's spread	Close	Cas stanth	% 9 a.	Times Districts	% p.a.
icay ica ica ria zeriand .	37.25 - 37.80 7.0010 - 7.090 1.8060 - 1.8370 158.25 - 158.45 113.30 - 115.05 1347.00 - 1353.00 7.0510 - 71.475 6.1350 - 6.2421 6.5430 - 6.6425 138.00 - 138.70 12.7475 - 12.9040 1.5680 - 1.5925 atig takes (prients)	1.083 1.6991 1.4560 1.4590 1.1490 1.1570 2.0645 2.0655 37 70 37.69 7.0850 7.0900 1.8330 1.58 cp 1.1830 1.58 cp 1.1830 1.58 cp 1.1830 1.58 cp 1.1830 1.58 cp 1.1830 1.58 cp 1.1830 1.1840 1.1845 1.1840 1.1845 1.1840 1.1845 1.1840 1.1845 1.1840 1.1845 1.1840 1.1845 1.1840 1.1845 1.1845 1.1845 1.1845 1.1845 1.1845 1.1845 1.1845	61-64cfk 5.70-6 2010cdts 2.35-2.65crads 2.10-2.15cds 2.25-2.50crads 0.15-C.17c0s 3.50-2.95ccds 0.22-0.25cds 0.29-0.37cpm	-L.77 4.07	1.91.186en 1.95.125en 0.68-0.73ei 1.69.158ei 24.50-30.90ei 5.90-6.00ei 5.90-6.00ei 1.90-138ei 340-37/idei 1.70-180.00ei 7.10-7.66ei 5.75-7.85ei 0.47-0.56ei 0.47-0.56ei 0.47-0.56ei 0.47-0.56ei 0.47-0.56ei 0.47-0.56ei 0.47-0.56ei	477 357 -250 -291 -329 -512 -512 -348 -140 -185 -185 -185

三	URO-CL	JRREN(Y INTE	EREST	RATES	
Jul 11	Short term	7 Days potice	One Morth	Trues Contac	Six Mootes	One Year
terling	11-54-54-54-54-54-54-54-54-54-54-54-54-54-	1151 - 151 -	11.4 15.5 16.4 8.7 8.7 8.7 8.8 9 15.4 8.7 19.7 19.7 19.7 19.7 19.7 19.7 19.7 19	10 - 20 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 - 5 -	18 6 8 9 7 9 9 9 11 9 7 9 9 9 11 9 7 9 9 9 11 9 7 9 9 9 11 9 7 9 9 9 11 9 7 9 9 9 9	10% - 10% -
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NEW YORK

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Notice of Conversion Price Adjustment



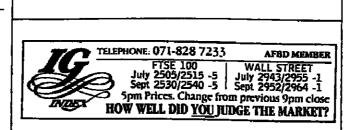
Yuen Foong Yu Paper Manufacturing Co Limited
(Incorporated with Innucl Labelity in Tancan, Republic of China) U.S. \$100,000,000

2 per cent. Bonds due 1999

Notice is hereby given to the holders of the above bonds that, in accordance with the terms of the Indenture dated 21st December, 1989, the conversion price was decreased from NT\$ 191.97 to NT\$ 182.83 effective 11th June, 1991. This adjustment is a result of a speck dividend of NT\$ 0.50 per share approved by a meeting of the Board of Directors of the Company held on 28th January, 1991 and by a General Meeting of Shareholders held on 22nd March, 1991.

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1 Many a lax sailor's in prison

(9) 6 By end of April I accepted 9 Were we dropped, only to drive back? (5)

urive cack; (6)

10 Need new coarse filling when absorbed (9)

11 Irish lady sick in club (10)

12 Back street tar gets shabby

14 Obviously undecorated, lay empty (7) 15 Break into the German boat

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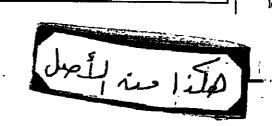
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27 Church Hill at first light (5) 28 Deserted group one finds in time (9)

DOWN 1 Game which people get at

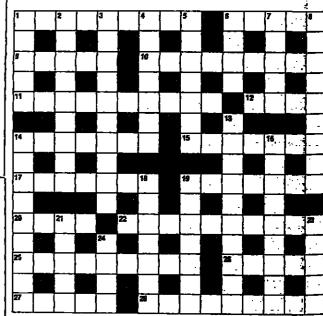
2 Which reduces friction in art club somehow (9)
3 Impudence after drinking causes traffic delays (10)
4 Caroless layer always Careless lover always looking for cover (7)



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CROSSWORD

No.7,592 Set by GRIFFIN



5 Busy journalist grabs an egg. scrambled (7)
6 Forward old man embraces

redhead (4) 7 Pipe upl (5) Spotted insects outside

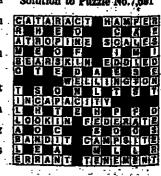
prison, sadly deformed (9)
13 Poor old Al Is married,
which is forbidden (10)
14 Bush, perhaps, I'd put in
here (9)
16 Extraordinary stamina shown by an Australian (9) 18 Oscar removed mother's

tumour (7) Flower and vegetable unit broken into (7)

21 Senior communist, the

French upset (5)
23 Said why I'd include the Spanish bear (5)
24 Cunning soldiers turn up central heating (4)

Solution to Puzzle No.7,581



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The FT proposes to publish this survey on 27 August 1991 and it will be distributed to 160 countries worldwide. If you want to reach this important audience,

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FINANCIAL TIMES

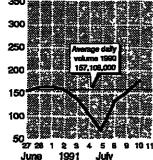
Caution over earnings keeps equities in check

SHARE PRICES fluctuated in a narrow range yesterday morn-ing as the market struggled to find a reason to push stocks higher, writes Patrick Harverson in New York. By 1 pm the Dow Jones Industrial Average was up 4.25

at 2,949.02. The more broadly based Standard & Poor's 500 was up 0.44 at 376.18, while the Nasdaq composite of over-the-counter stocks rose 0.37 to

NYSE volume

Daily (million)



487.54. Turnover on the New York Stock Exchange was 91m shares, while rises outpaced declines by 720 to 630.

The market, said observers. should have been lifted by the news that President Bush had reappointed Mr Alan Greenspan as chairman of the Federal Reserve. Although Mr Greenspan is hawkish on inflahandling of the economy during his first four years won him many supporters in the financial markets.

More good news on unemployment, they said, with the number of people claiming job-less insurance falling 35,000 in the last week of June, should also have boosted sentiment. However, there is a feeling that the market remains overvalued based on current earnings, and in the middle of a difficult reporting season investors are likely to be cautious about buying stocks.

Among individual issues, Pepsico firmed \$% to \$28% on turnover of 1.5m shares. On Wednesday the stock fell after an analyst downgraded his rating for Pepsico because of weak sales at its food snack unit, Frito-Lay. Yesterday's recovery followed the news that the head of Frito-Lay had revealed plans to drop about a third of the unit's 240 products and streamline its manage-

JP Morgan fell \$1/4 to \$521/4 in spite of another strong set of quarterly earnings. The bank-ing group reported income of \$231m, down on the exceptional first quarter revenues of \$273m, but 12 per cent higher than second quarter 1990 income. The rest of the banking sector was generally steady, with Bankers Trust up \$% at \$51 and Chemical Bank

\$% higher at \$23. Time Warner held firm at \$93 after the entertainment group admitted that it was con-sidering changing the struc-

because of shareholder and Securities and Exchange Com-

mission disquiet. Eli Lilly fell \$2% to \$70% after several sector analysts trimmed second quarter earnings estimates, in the wake of guidance from the drug com-pany that the analysts' forecasts were too high.

On the over-the-counter mar-ket Ashton-Tate, which on Wednesday agreed to be acquired by Borland Interna-tional for \$15.50 a share, was again the most actively traded issue. Ashton-Tate edged \$% higher to \$16 on turnover of 3.5m shares. Borland International rose \$\% to \$47\%. CPC International slumped

\$3% to \$83% after reporting a rise in second quarter income

to \$1.34 a share, below market

expectations.

TORONTO stocks were unchanged at midday, in the absence of any market-moving news. The composite index was up 0.9 to 3,505.10 on volume of 10.1m shares. Advances led declines by 219 to 194. The gold and silver index

continued to fall, losing 121.73 to 5,422.63 on weaker bullion prices. Inco rose C\$% to C\$43 as nickel prices held around recent firm levels. Laidlaw gained C\$% to

C\$12¼, after reporting better-than-expected earnings for the third quarter. Canfor fell C\$11/2 to C\$26% after saving it would

Singapore sags after ebullient first quarter

Interest rate fears and falling property values were excuse enough to take profits, says Joyce Quek

HE SECOND quarter has been a subdued affair on the Singapore stock market, after its impressive rally in the first three

months of the year. By the end of March, Singapore had risen by 25.9 per cent in local currency terms, the best FT-Actuaries index perforince in the Pacific and fourth best showing in the world, after Mexico, Sweden

and Spain. Regarded as one of the most oversold markets in the wake of the Gulf crisis, it attracted an enormous influx of liquidity from domestic and foreign investors. Daily trading vol-ume reached an an all-time high of 250.4m shares by the middle of March.

Other factors fuelling the rally included signs of falling interest rates, expectations that the stock market was catching up after a fall of 17.8 per cent in 1990, and hopes of an economic recovery in the US, one of Singapore's main

trading partners. Since the end of the first quarter, Singapore has retreated 4.4 per cent. Volume has fallen to between 30m and 50m shares a day. Ironically, the Straits Times Industrial index, which does not include banks, reached a 1991 peak of 1,565.58 on June 3, up 35.7 per cent on the year, but on very thin volume. It has since receded 5.7 per cent.

Expectations of rising interest rates, to rein in inflation, and falling property values were excuse enough to take profits or divert funds to other ian markets after a beady

first quarter. Furthermore, Singapore failed to be encouraged by Wall Street's record-breaking rise, preferring to be influenced by Tokyo's weakness. Financial scandals affecting leading Japanese and Malaysian securities houses

Another negative factor was FT~A World Indices

Singapore Stock Exchange's decision to disal-low rights issues if a company does not use the funds raised for specified purposes. In the case of UIC, the diversified holding company, the rights issue veto fanned fears that the company would have to sell assets instead, and the share price fell heavily. Analysts are mildly optimis-

tic about the stock market over the next three months. Strong underlying earnings growth and steady expansion in gross domestic product (GDP) should

loosening until inflation begins to fall.

Mr Paul Sevigny of Ong Research believes the best value in Singapore is the trans-port sector — shipping, airlines and local road transport companies - as well as banking and electronics.

Securities director, considers that Singapore banks are still cheap. They are enjoying their highest lending margins since 1986, have the highest reserve ratios (12 per cent compared with the recommended 8 per cent) and are among the lower price/earnings ratios in the

He forecasts that the market will be lifted by second-quarter GDP growth of 7 to 8 per cent, Most analysts are revising their forecasts for GDP growth to around 8.4 per cent for the year, against the official projec-

tion of 6 to 8 per cent.
A flurry of flotations could attract funds back into equi-ties. Compared with the earlier public issues of GP Batteries and Inter-Roller Bearings, over-subscribed by 14.1 and 6.6 times respectively, the latest batch looks set for an even bet-

ter recention. Four of the six new issues are from the government's Singapore Technologies group. CSA Holdings, the computer company, was recently over-subscribed 48 times and SAL Industrial Leasing is set to top that figure. The question is whether these successes will divert funds from stocks

Bourses relieved by steady German rates

recommendations.

THE DECISION by the German Bundesbank to leave interest rates unchanged yesterday was greeted with relief, but not euphoria, as most bourses ended flat. Spain fell sharply on domestic concerns, whi Sweden and Denmark hit 1991 highs for the second day running, writes Our Markets Stoff.

MADRID was pulled lower by the construction and utility sectors, as investors waited nervously for today's inflation figure. The general index fell 3.46 or 1.3 per cent to 264.08 in turnover of about Ptal4bn, up from Ptal2.8bn.

Building stocks continued to fall on fears of cuts in infra-structure spending. Asland, the cement group, dropped Pta165 to Pta2,710 and Dragados shed Pta140 to Pta2,270.

In the utility sector, Hidro-cantabrico fell Pta40 to Pta1,900 on volume of 986,168 shares, including a large block. FRANKFURT managed for news of the Bundesbank. The DAX index closed 3.11 righer at 1,637.85 after the FAZ

finished flat, 0.01 lower at

Day's High 1111.70 Day's Low 1106.75 Jul 8 1090.75 1102.41 1098.71

FT-SE Eurotrack 100 - Jul 11

Hourly changes

Open 10 am 11 am Noon 1 pm 2 pm 3 pm Close 1108.28 1107.54 1108.72 1109.31 1108.75 1108.54 1109.54 1109.88

Volume rose from DM5bn to DM6hn, inflated a little by the dividend payments season Veba topped the actives list in turnover of DM703m just before it went ex dividend in

1109.33

Seso value 1000 (26/10/90)

the post-bourse. In London, ex dividend, Veba closed DM4.10 lower at DM335. The Bundesbank's decision leave interest rates unchanged, discounted in bank share prices on Wednesday, made little difference to Ger-man prices in the London postbourse. Banks stayed flat, dur-

ing and after hours. Chemicals and retailers were strong. Karstadt, the department stores group, gained DM14 to DM658 on several buy

Fuji Photo Film retreated

Y40 to Y3,630 on profit-taking.

The issue had rallied over the

past two days on buying by foreign investors. Other inter-

national blue chips also fell, with NEC down Y50 at Y1,470

company in financial trouble after making extensive loans to

Nanatomi, a land speculator,

advanced Y36 to Y857. Reports that Tobishima had decided to

buy a resort from Nanatomi

ncouraged investors.
In Osaka, the OSE average

rose 399.78 to 25,894.46 on vol-

ume of 13m shares, down from 17m. Nintendo, the game maker, receded Y100 to Y13,000

as investors sold illiquid small-

capital issues. The high margin

and Sony Y70 off at Y6,440.

video game maker.

Mr Darren Williams, at UBS Phillips & Drew, disagreed with comments that the central bank was tightening mone tary policy in lowering the M-3 money supply target from a 4-6 per cent to a 3-5 per cent range. This was a statement, said Mr Williams, of the bank's intention to act if money supply rose in its view by more than a

tolerable level. STOCKHOLM advanced steadily in active trading, after the disclosure by Astra that it had started selling Plandil, a blood pressure medicine, in the UK. An analyst said that Astra move, but had still reacted favourably to the news.

The Affärsvärlden General index gained 10.00 to 1,149.10, a year's high, in turnover of SKr369m. Astra free B shares rose SKr13 in early trading, but finished only SKr2 up at

COPENHAGEN pushed to another year's high in moderate trading. The bourse index gained 1.77 to 378.07. Increased foreign investment, low inflation, and a belief that the economy was improving had triggered the recent rally, according to Bikuben, the Danish brokers. Among the win-

ers, ISS rose DKr18 to DKr833.

AMSTERDAM ended off the day's high after a quiet ses-sion. The CBS Tendency index finished at 93.6, 0.1 off the day's high but 0.5 up on Wednesday's close.

Harbour stocks were marked up on reports of progress in talks between unions and management to end strike action by some general cargo workers in Rotterdam. Pakhoed, the shipping and transport company, ended F1 6.50 up at F1 187. MILAN lost its early gains. Trading was thin and concen-

tions linked to today's expiry of the monthly stock options and the end of the July trading account next Tuesday. The Comit index fell 1.71 to 568.11 in volume similar to Wednes day's thin L77bn.

The insurance sector was troubled by Consob's suspen-sion of Fata Assicurazioni, the insurer majority-owned by the failed agriculture co-operative Federconsorzi. The shares fell 5.7 per cent to L10,800 on Wednesday on fears that Fed-erconsorzi would have to sell

PARIS marked time before the Bundesbank meeting, and failed to show much response to the news that it had left interest rates unchanged. The CAC 40 index moved between a low of 1,747.96 and a high of 1,763.68 before settling in the middle of the day's range at 1 754 03, down 3.35

ISTANBUL took fright at a report of higher deposit rates at two medium-sized banks. The index fell 95.82 or 2.6 per cent to 3,540.14, a loss of 205.36 points since last Friday.

Nikkei falls back in options-related trading

Tokvo

OPTIONS-RELATED trading shook the market yesterday, and share prices fluctuated before leaving the 225-share Nikkei average lower on bal-ance, writes Emiko Terazono in

The Nikkel ended 183.38 down at 22,937.92, below the 23,000 support level. The index opened at the day's high of 23,089.81 and fell to a low of 22,877.71 in the afternoon. Volume eased to 260m shares

from 270m, as activity remained subdued on the second day of the suspension of the Big Four brokerages -Nomura, Daiwa, Nikko and Yamaichi - from corporate

Market share of the Big Four was estimated at 13.5 per cent. A leading US securities house climbed to the top of the list, accounting for 6.1 per cent of trading. Traders said the US brokerage's programme selling in the afternoon had depressed the Nikkei index. Advances still led declines.

however, by 493 to 427, with 161 issues unchanged. The stocks was left with a minor 0.82 gain at 1,798.87, and in London trading the ISE/Nikkei 50 index eased 1.52 to 1,392.71. There was heavy index-related activity, connected with the July options expiry, late in further revelations of scandals including politicians were Speculative issues rose on buying by individuals. Clarion gained Y70 to Y1,030 and Kitano Construction added Y140 at Y2,170. Nippon Carbon closed Y30 up at Y900 after reaching Y910, a year's high, on rumours that speculators

were buying the stock. Industrial Bank of Japan climbed Y100 to Y3,320 as the issue was considered cheap after its recent weakness Victor of Japan, the medium at Y1,840 after touching a

SOUTH AFRICA

JOHANNESBURG succumbed to profit-taking after its record-breaking rise. The industrial index feli 68 to 3,968 and the all-gold index lost 54 to 1,391. The all-share index dipped 69 to 3,439. De

year's high of Y1,880. Investors welcomed the recent news that couraged investors. the company was linking up with Sega Enterprises, the

Roundup

TOKYO'S relapse weighed on the Pacific Rim yesterday. AUSTRALIA was pulled lower by a decline in gold shares and the fall in Tokyo. The All Ordinaries index lost 8.7 to 1,534.1 and the gold index

dropped 30.0 to 1,127.1. Volume rose to A\$467m from A\$190m, inflated by the A\$146m sale of Poseidon Gold's 11.9 per cent stake in Newcres at A\$1.10 a share. Newcrest lost 8 cents to A\$1.18. Placer Pacific fell 8 cents to A\$2.44.

NEW ZEALAND gained 1.5 per cent as a weak local dollar encouraged foreign investors. The NZSE-40 index, which is replacing the Barclays index, moved ahead 22.56 to 1,492.47 as turnover picked up to NZ\$18.2m from NZ\$14.3m.

Fletcher Challenge put on 5 cents to NZ\$3.88 on volume of 1.6m shares, and Carter Holt Harvey, the forestry company,

rose 6 cents to NZ\$1.79. SEOUL recovered after two days of declines, on signs of easing interest rates. The composite index rose 7.59 to 621.74

volume of Won270.6bn. News that domestic automakers increased their car sales during the first six months of this year by 20 per cent from the same period last year encouraged investors.

HONG KONG fell in active trading. The Hang Seng index moved within a 29-point range, eventually losing 9.11 to close at 3,892.12. Volume softened to HK\$1.51bn from HK\$2.07bn. SINGAPORE lost some of the gains made earlier this week. Trading was light. The Straits Times Industrial index shed 4.71 to 1,471.46. Volume

shrank from \$390m to \$374.5m.

buying, profit-taking and the easier trend in Tokyo. The composite index dipped 4.35 to 603.76. Turnover rose slightly to 33.1m shares from 30.6m. MANILA was steady for most of the day but dragged down towards the

KUALA LUMPUR declined

close on news of foreign selling in Makati. The composite index, slipped 6.17 to 984.14 in volume. of 92.6m pesos after 125.4m.
TAIWAN tumbled in light trading. The weighted index dropped 144.48 or 2.6 per cent to 5,312.32 in volume of T\$19.9bn, against T\$21.5bn.

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ಚಿತ್ರದೇಶ ಕರ್ನಿಕರಣ

BANGKOK fell for the third consecutive day. The SET index lost 11.21 to 688.98 in trading worth 2.13bn baht. BOMBAY advanced for a second day on government promises of economic reforms. The BSE index gained 31.95 or 2.3 per cent to 1.420.75.



WE'VE PUT THE TOP 1,000 BANKS IN ORDER FOR YOU FOR VOI

TH OTOPIC	ron roo.
The July issue of The Banker once again contains the annual survey of the world's largest banks. Considered by bankers and financiers everywhere as the authoritative yearly ranking of banks, The Top 1,000 survey carries the most up-to-date information and definitive analysis done by any magazine. We even have the latest Japanese bank results. No-one else has these. The Top 1,000 has everything you need to know about the banks from Strength of Capital to Soundness to Performance. In spite of sinking profitability, capital strength has improved. Has this been achieved solely by curbing asset growth? Which banks have shrunk their balance sheets? Which banks turned in a higher rate of return on shareholders' funds? No senior person in the banking world can afford not to have this valuable survey on his desk. If you are not yet a regular reader, you should know that The Banker is essential reading for anyone seriously concerned with banking and finance at the highest level. You'll find major articles and reports in the July issue as well as the survey. In the July issue we also have the Asian Banker (with a special profile on Malaysia) as well as in depth probes on Hungary and Egypt. This, together with the regular technology and news section make the July Banker essential reading The Banker may not always make comfortable reading. But it is stimulating and authoritative - and gives you all the information and intellectual background you need. The Banker is available price £3.50 from all good newsagents and mainline stations. Alternatively, you may find it simpler and more convenient to complete the coupon.	Yes, I would like to take out an annual subscription to THE BANKER RATES: E55 R: OF IRELAND
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help to offset the government's tight monetary policy, which is aiready in the market. FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS			AED	ESDAY	JULY 10	1991			TUESDAY JULY 9 1991						DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM ladex	Local Currency ladge	Local % chg on day	Gress Div, Yleid	US Doller Index	Pound Starting Index	Yea index	DM Index	Local Corrency Index	1991 High	1991 Low	(approx) age Year	
Australia (69)	143.22	+0.5	130.95	125.39	135.07	124.31	+0.4	5.17	142.53	130.24	124.87	134.68	123.86	147,30	112.74	151.4	
lusiria (20)	175.76	+0.0	160.70	153,86	165.76	165.99	+0.1	1.67	175.82	160.66	154.05	166.14	165.88	222.37	167.00	263.0	
3elgium (49)	124.53	+0.1	113.86	109.01	117.44	114.70	+0.0	5.14	124.38	113.65	108.96	117.53	114,72	151.20	121.73	151.2	
Canada (115)	138.62	+0.1	126.75	121.36	130.73 230.52	115.19 233.63	+0.1	3.38	138.47	126.53	121.31	130.83	115.05	142.27	126.49	138.1	
Denmark (37)	244.43 93.58	+0.6 +0.2	223.49 85.57	214.00 81.94	230.32 88.26	85.78	+0.6	1.51 2.81	243.01 93.38	222.08 85.32	212.91 81.81	229.63 88.23	232.19	270.56	217.74	261.4	
Inland (16) rance (114)	124.85	+1.4	114.15	109.29	117.73	120.49	+1.2	3.67	123.07	112.46	107.82	116.28	85.27 119.02	125.15	90.00	135.1	
	104.49	+0.6	95.54	91.49	98.54	98.54	+0.4	2.27	103.84	94.88	90.99	98.12	98.12	152.26 125.35	120.60	157.3	
iong Kong (55)	163.04	-0.1	149.07	142,73	153,76	182.45	+0.0	4.77	163.19	149.11	142.97	154.20	162.53	183.19	102.03	138.9	
reland (18)	140.62	-1.0	128.57	123.11	132.62	134.33	-1.0	3.80	142.02	129.77	124.43	134,19	135.62	182.46	119,62	142.8	
bily (77)	71.71	-0.7	65.57	62.78	67.63	72.31	-69	3.24	72.20	65.97	63.25	68.22	72.95	88.23	132.88 70.54	186.5 104.0	
apan (474)	126,83	+2.5	115.97	111.04	119,63	111.04	+2.4	0.76	123,73	113.06	108.40	116.92	108.40	146.97	118.35	150.9	
Aalaysia (68)	227.72	+0.5	208.21	199.36	214,76	244.52	+0.5	2.88	226,70	207.15	198.61	214.21	243.25	247.78	192,83	236.1	
Aexico (18)	1088.32	+25	976.80	935.29	1007.52	3522.23	+25	1.52	1041.91	952.06	912.83			1079.72	534.45	514.3	
etherland (31)	131.87	+0.7	120.57	115.45	124.37	122.93	+0.5	4.36	130.95	119.66	114.73	123.74	122.29	145.73	125.70	140.9	
ew Zealand (13)	47.71	+0.2	43.62	41,77	45.00	45.03	+1.0	7.79	47.84	43.53	41,74	45.02	44.59	54,64	41.18	67.7	
lorway (32)	191,39	+1.4	174,99	167.56	160.50	183,92	+ 1.3	1,60	188.72	172.45	165.34	178.33	161,48	223.24	182.24	243.1	
lingapore (38)	191.46	+ 1.0	175.06	167.62	180.57	155.24	+ 1.1	2.20	189.62	173.27	166.13	179.18	153.58	208.25	151.63	205.2	
outh Africa (61)	255.38	+5.1	233.50	223.58	240.84	176,64	+ 1.9	3.10	243,09	222,12	212.97	229.60	173,37	255.38	173.00	183.5	
osin (55)	140.71	-0.3	128.65	123, 19	132.70	121.31	-0,5	4.42	141,11	128.94	123,63	133,34	121,92	171.12	131.51	177.9	
weden (26)	188.40	+0.9	.172.26	164,94	177.68	183,17	÷0.9	2.46	186.65	170.56	163.53	178.37	181,54	204.12	146.60	229.7	
witzerland (58)	88,77	+1.1	81.16	77.72	83,73	86.51	+1.0	2.23	87.83	80.25	76.95	83.00	85.62	100.67	82.17	108.4	
nited Kingdom (240)	161.95	+0.7	148.08	141.77	152,72	148.08	+0.7	4.96	160.85	146.98	140.91	151.98	146.98	187.44	156.27	171.3	
SA (526)	152.17	-0.1	139.13	133.23	148.52	152.17	-0.1	3.17	152.28	139.16	133.43	143.91	152.28	158.24	125.95	145.9	
urope (838)	130.08	+0.5	118.94	113.89	122.69	121.23	+0.6	3.93	129.25	118.11	113.24	122.14	120.54	151.52	125.50	152.7	
ordic (111)	181.69	+0.8	166.12	159.06	171.35	168.35	+0.8	1.95	180,21	164.67	157,89	170.28	166,97	200.81	155,55	213.6	
ecific Basin (717)	128.28	+23	117.29	11231	120.98	112.80	+22	1.13	125.41	114.59	109.87	118.50	110.35	145.92	117.86	150.5	
uro Pacific (1555)	129.32	+ 1.8	118.24	113.21	121,95	116,94	+1.6	2.25	127.25	116.28	111.48	120.23	115.15	147.68	121,29	151.7	
orth America (641)	151.25	-0.1	138.29	132.43	142.66	149,68	-0.1	3.18	151.35	138.30	132,62	143.04	149.79	157.04	125.91	145.4	
prope Ex. UK (598),	110.87	+0.6	101.37	97.08	104.58	105.65	+0.5	3.18	110,20	100.70	96.57	104.15	105.17	129.80	106.85	140.0	
ecific Ex. Japan (243)	142.63	+0.3	130.41	124,89	134.53	126.42	+0.3	4.53	142.18	129,92	124,59	134,36	128.00	145.66	111,40	144.7	
orto Ex. US (1747)	131,52	+1.7	120.26	115.15	124.04	118.39	÷1.5	2.30	129.38	118.23	113.36	122.26	116.61	148,16	122.32	151.8	
orld Ex. UK (2033)	135.14	+1.0	123.57	118.32	127.47	127,02	+0.9	2.37	133.78	122.23	117.20	126.40	125.84	145.77	120.06	146.4	
orld Ex. So, AI, (2212)	136.71	+0.9	124.99	119.69	128.94	128.60	+0.9	2.62	135.43	123.75	118,58	127.98	127.45	148.66	122.92	148.4	
lorld Ex. Japan (1799)	144.46	+0.3	132.09	126.48	136.26	138.85	+0.2	3.50	144.01	131.60	126.18	156.10	138.54	152.83	126.69	148.9	
e World Index (2273)	137.50	+1.0	125.72	120.38	129.59	129,03	+0.9	2.63	136.14	124.40	119.28	128.65	127.85	149.01	123.28	148.6	

satisfact change with effect 12/7/91: Detetion: Ciments Francais (France). Name change (11/7/91): Taisho Marine & Fire to Mitsui Marine & Fire (Japan).